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PARIS, MONDAY, SEPTEMBER 21, 1992

'YES,' BUT BARELY

France's Weak Approval of Maastricht Treaty Leaves Europe With Fragile Consensus on Future

Other Leaders See Warnings In Closeness Of the Vote

Compiled by Our Staff From Dispatche European leaders reacted to the French result with statements ranging from expressions of despair for the future of Europe to declarations that all was well and that unity plans would go forward.

But much of the reaction seemed to underline new nationalistic forces at work in Europe, with European leaders interpreting the results to satisfy their own domestic needs. Across Europe, warnings sounded about mounting popular reluctance to give up national identity.

Prime Minister Poul Schluter of Denmark

highlighted the proportion of "oo" votes on the Treaty on European Union and said the result showed that it was oot totally acceptable in its present form. It "shows that certain elements of the Maas-

tricht treaty are unacceptable to the citizens of France and Denmark, and in other countries, and that understanding for the Danish rejec-tion has grown," he said. Denmark rejected the

President Márin Soares of Portugal, a strong pro-European, said the narrow margin in France showed "there are still a lot of confused and undecided people in Europe". In Britain, skeptics of European integration

inside the Conservative Party vowed they would try to derail the treaty, which is awaiting ratification in the House of Commons. "We in Britain have got our own choice to

make," Michael Spicer, a Conservative Party cannot rely on the French to make the choice

summit meeting for early next month, said he personally still backed the treaty. "We now oced to consider the way forward," he said in reaction to the French vote.

Foreign Minister Klaus Kinkel of Germany dismissed suggestions that the treaty must be

But Mr. Kinkel said on German television, We must sit down with our partners and consider that people in Europe, especially in Germany, very clearly want this Europe, but also want to keep their national identity."

"I breathed a sign of relief," Prime Minister Giuliano Amato of Italy said in a television

interview. "If the French electorate hadn't voted 'yes,' then four decades of work probably would have fallen to pieces with irreparable

Jaques Delors, president of the EC Commission, said in a statement that the French had said "yes" to a decisive step forward for the European Community, although he acknowl-edged the margin of victory was close.

"I hope the other member states of the Comnunity, which have yet to ratify the new treaty of European Union, will do so with the reasonthe hope of building close cooperation to schieve the objectives we clearly and democratcally set," he said.

In Denmark, where voters in June narrowly ecame the only European country so far to eject the treaty, Foreign Minister Uffe Ellenann-Jensen called the French vote "a shock or everyone" that "shows a strong need for

Chancellor Heimut Kohl of Germany said he See WARNINGS, Page 2



Prime Minister John Major, calling an EC President François Mitterrand, followed by Prime Minister Pieure Bérégovoy, leaving

Markets Expected to Test Franc's Link With Mark

By Carl Gewirtz International Herald Tribune

PARIS - France's determination to keep the franc's fixed value against the Deutsche mark is expected to be severely tested in the

Even analysts who see the franc easily weathering the coming challenge dismissed the signif-icance of Sunday's nearly 0.6 percent rise of the frame that was registered in thin off-market trading just after it became clear a narrow

majority had approved the Maastricht treaty.

The dollar also fell by about 1 percent, apparently moving on the early assumption that the franc is safe and that the Bundesbank will not be obliged to come to its rescue with a substantial reduction in its interest rates.

"It's a knee-jerk reaction to the favorable said Robin Hnbbard, economist at Paribas Capital Markets, the London-based securities operations of Banque Paribas. "I'm not sure the franc's advance can be

estained. A low majority in favor is hardly a humping endorsement for monetary union or for Mitterrand," he said, referring to the French

The franc was quoted in extraordinary Sun-

day trading in London at 3.3990 DM, an improvement over Friday's close of 3.4195 DM. The dollar at 1.4835 DM was down from 1.5035

Mr. Hubbard's skepticism about the franc's ability to walk away from the vote unscathed is widely shared. However, there is a considerable disparity in views about what happens then. · David C. Roche, Morgan Stanley's London-

EC finance ministers affirmed their commitment to the European monetary grid. Page 13.

based strategist, sees a devaluation of the franc against the mark as "almost inevitable. The small majority voting in favor is not large enough to halt speculation," he said. "It points to hesitant support. In addition, there are still roadblocks ahead — U.K. and

German ratification and reintegration of Denmark." Danish voters rejected the treaty on economic and monetary union last June.
The currency market will vote for a realign-

George Magnus, at S.G. Warburg in London

See FRANC, Page 14

PARIS - French voters gave a grudgingly close "yes" to the Maas-tricht treaty on closer European unity in a referendum on Sunday, the government said. Computer projections put the approval rate at slightly more than 51 percent.

With nearly 90 percent of the vote counted, the Interior Ministry said the "yes" vote totaled 50.66

Approval, even by such a narrow nargin, saved France from an eming repudiation of its own pro-European policies and keeping open the door to continued efforts lomatic cooperation.

tion that mobilized a turnout of minister and a strong partisan of about 70 percent of voters — rein- Maastricht (Monday Q&A, Page forced the widespread view that 2).

when markets sensed Europe's ten- statement. sions, officials in Germany and Italy voiced "relief."

to achieve closer economic and dipafter Danish voters rejected the with EC cooperation following the

European leaders must significantly loosen their plans for a tighter European Community.

Fearful that a French "nn" til there is some official modification. might have reignited the financial tion in Denmark's position, per-turbulence that boiled up last week haps in the form of a government

On Sunday night, Prime Minister John Major of Britain called for But the French vote fell far short of the overwhelming approval that had been initially expected six months ago when President Franton Major, who faces increasingly vocal opposition to the Maastricht treaty in his own cois Mitterrand called for the refer-endum in revive the EC momentum should decide on how to proceed party, said that the summit meeting

But coming in a country that has afforded bedrock support for the European unity movement, the outcome — with a "no" from near-outcome and a specific plans were already under way this an cooperation will never be the same again, "according to Uffe El-outcome — with a "no" from near-outcome — with a "no" from near-outcome — with a "no" from near-outcome was a specific plans were already under way this weekend for an emergency EC outcome — with a "no" from near-outcome was a finitely like the country that has a foreign outcome was a finitely like the country that has afforded bedrock support for the so close that Europe and Europe plans were already under way this weekend for an emergency EC outcome — with a "no" from near-outcome was afforded bedrock support for the so close that Europe and Europe plans were already under way this weekend for an emergency EC outcome — with a "no" from near-outcome was afforded bedrock support for the so close that Europe and Europe plans were already under way this weekend for an emergency EC outcome — with a "no" from near-outcome was a support for the so close that Europe and Europe plans were already under way this weekend for an emergency EC outcome — with a "no" from near-outcome was a finite event of a French outcome was a finite event of a Frenc narrow French "ves.

Even with the wafer-thin French approval, a British official said, rance and Germany will claim that this is a decisive vote in any democratic system and try to re-

German diplomats said that the outcome preserved the French-German partnership on European cooperation, which a French "nn" would have seriously jeopardized.

The outcome in France was too elose in he considered a political victory for Mr. Mitterrand, who referendum. Polls during the campaign suggested that vitters might take the opportunity to repudiate

See FRANCE, Page 2

A Glittering Eurodream Bites the Dust

By Jim Hoagland

PARIS - The centralized European union of I2 nations that was to have been built around German economic discipline and French bureaucratic skill has been so badly wounded in a week of economic and political turmoil that its survival now seems in doubt,

The weak endorsement of the Maastricht idea of a European federation by the French electorate Sunday added to the evidence of a decisive turn in European public opinion against both the German economic model of fighting inflation at all costs and the style of bureaucratic policy-making that the Europe-an Community headquarters had adapted

Under the treaty signed in the Dutch city of Maastricht in December, the leaders of the 12 EC nations agreed to synchronize their economies with Germany's low-inflation policies and to adopt a common European cur-

Sept. 20, 1992."

rency beginning in 1997. This was to be the basis for tightening political and diplomatic

For France and Germany, Maastricht was to have been the bridge between the single European market the Community will inaugurate on Jan. 1, 1993, and the future United States of Europe that the Community was to become in the 21st century. Britain and other

NEWS ANALYSIS

states, on the other hand, instead have viewed Maastricht as "the outer limit" of European

But even that British view oow seems optimistic when measured against the rejection of the treaty by Danish voters in June, the financial pressures that forced Britain and Italy to cut their currencies loose from the German mark last week and the spirited, almost successful challenge that Fr

nicians raised against the treaty in the cam-paign on the referendum.

European leaders emphasized Sunday night that the single market provisions, which call for the elimination of all barriers to the movement of goods, capital and labor within the EC, will continue. They were also forced to underline that they will have to work hard to get the basic ideas contained in the Maastricht treaty accepted.

"Maastricht oow looks like a rider that has been thrown by his horse at an unexpected obstacle," said a German official who knows the thinking of Chancellor Helmut Kohl on this subject. "What must be done now is for the rider to get back on the horse and get over the obstacle, even if they have to take a different route.

But this official and others acknowledged that Europe's political leaders would have to

See EUROPE, Page 2

Maastricht: How They Voted

Interior ministry. results with nearly 90% counted Denmark June 3,

Few Accounts Are Settled By Referendum Outcome By Tom Redburn

al Herald Tribune

PARIS - For all its importance, the French vote to support the Maastricht agreement does oot settle many of the doubts about prospects for European economic and monetary union. With all the oervous speculation in recent

weeks about the consequences of a rejection Sunday by the French, culminating in the wild **NEWS ANALYSIS**

gyrations on currency markets last week that forced Britain and Italy out of the European Monetary System, there had been little focus about what a "yes" vote would mean for European integration. But despite France's backing of the treaty,

Europe is not likely to be going back to the future envisioned by the 12 European Community leaders who adopted the treaty in the Dutch city of Maastricht in December.

"Even with a French 'yes," said Albert Bressand, director of Promethee, a Paris-based economic research organization, "political leaders will never again be able to assume that their

ideas for building a united Europe are as uncontroversial as motherhood and apple pie."

Stanley Crossick, director of the Belmont

European Policy Center in Brussels, said that the Community was likely to look for a way out of its limbo by developing a two-track system for economic and monetary union.

"The immediate problem is to stabilize the monetary system," he said. "But looking down the road, we may have to bring forward the timetable for EMU, accepting the fact that a lesser number of countries may be included." A "no" vote would have killed the Treaty on

European Uninn, setting back for years plans for a single currency and a central bank to manage it. It would have also undermined dreams of creating a European superpower that could take charge more effectively in diplomatic and military crises.

But it is questionable whether a narrow French "yes" will be easily able to revive past faith in those objectives.

While Jacques Delors, president of the EC Commission, said that "it is the result that counts," others in Brussels were not so sure. See VOTE, Page 2

Kiosk

3 Swedes Jailed For Iraq Entry

STOCKHOLM (Reuters) - Iraq has sentenced three Swedes to seven years' imprisonment each for illegally entering the country, the Swed-

Sunday.
Leif Westberg, Christer
Stromgren and Stefan Wibiborg, three engineers working on a project in Kuwait for the telephone company L.M. Ericsson, were arrested after entering Iraq on Sept. 3.

General News

Some Perot backers in Arizona find hope again. Page 3. in Budapest, an ideological broadside stirs a furor.Page 6.

Business/Finance

Boris Yeltsin is seeking further compromise with forces opposed to reform. Page 13. Environmental concerns get

Crossword Weather

Page 6.



COPING - An Sarajevo resident bracing for winter with wood from the destroyed National Library. The UN considered renewing aid flights after test-landing a plane in Sarajevo Page 7.

Mired in an Excess of People and Paper

By William Branigin Washington Post Service

NEW YORK — The images are familiar: hlue-bereted UN peacekeepers performing difficult missions in places like Lebanon and Cambodía, bumanitarian relief

workers fighting poverty and hun-ger in the Third World, idealistic UN employees striving to make the "new world order" a reality.

mer UN officials on four conti-nents, reviews of thousands of

pages of documents and visits to

UN program sites yielded these As its new secretary-general has abserved, "The United Nations has

almost too much credibility now."

United Nations by The Washington Post has found. Interviews with current and for-

First of a series

Thousands of refugees in Afri-

But behind these images hes an ca have gone hungry or died beenormous, largely uncontrolled hucause of what relief officials deserve mainly to justify budgets and
reaucracy, subject to abuses and serihe as mismanagement, employment are printed at enordeficiencies that impair its effec- negligence and, in some cases, cor- mons cost, contributing to the

tiveness, a nine-month study of the United Nations by The Washing- ed governmental bodies. UN food aid and other resources have been pilfered for years by governments and armies with impunity.

 Peacekeepiog operatioos, some of which drag on for decades, have become a source of soaring costs with minimal oversight. In a \$1.7 billion operation in Cambodia, five times more money is budgeted for newspaper and magazine subscriptions for UN troops than

for external anditing. serve mainly to justify budgets and

yearbooks published years out of date and esoteric technical studies that go largely ignored.

 UN offices that dot the globe, such as a "regional disarmament center" in Katmandu, Nepal, often seem to have scant value beyond expanding the nrganization's worldwide presence. Once formed, UN entities hardly ever disband.

· Heavy spending on travel and conferences, including Law of the Sea talks in Jamaica in the winter and meetings of the Economic and

See UN, Page 8

Schwarzkopf vs. White House 'Hawks'

By Michael R. Gordon New York Times Service

WASHINGTON -- In a new memoir that raises questions about the conduct of the Gulf War, General H. Norman Schwarzkopf complains that he was pressed by Bush administration "hawks" to start a land offensive against Iraqi forces before he was ready and before diplomatic efforts were exhausted. He criticizes the "John Wayne" mentality that he says led civilian officials in Washing-

ton to try to advance the date of the ground

war after Moscow mounted a last-ditch dip-lomatic effort that would have enabled President Saddam Hussein to pull Iraqi forces out of Kuwait

General Schwarzkopi does not name the administration "hawks," nor say whether they were merely reflecting the wishes of ident George Bush, for whom he had only praise.

He says the dispute over the starting date led to an emotional shouting match between himself and General Colin L. Powell, chair-

man of the Joint Chiefs of Staff. The dispute

was eventually settled to General Schwarzkopf's satisfaction.

The announcement last year that General Schwarzkopf planned to write his autobiography created a stir when Bantam Books agreed to pay him \$5 million for the work. "It Doesn't Take a Hero," written with Peter Petre, is a 530-page book that provides new disclosures about the planning and execution of the war and seems intended to establish the general's place in history by providing an

See GULF, Page 8

Back to the 'Danish Problem,' Mindful of London and Bonn

France on the Maastricht treaty, the attention now switches back to Denmark, the only European Community country to have rejected the agreement. The Danish foreign minister, Uffe Ellemann-Jensen, discussed the French vote with Barry James of the International Herald Tribune.

Q. Where does the result leave Den-

A. We are relieved, of course. Like everybody else, we are wiping the sweat from our brows, but it was a very, very close race and this, of course, has some impact on what you might call the European landscape, in which we shall have to discuss the Danish situation.

We European politicians should take note of how close the race was, and we should also take note of the discussion

(Continued from page f)

take public opinion - and the frag-

ile state of most European econo-

fully than in the past in developing

their long range plans for a Conti-nental political and economie

Efforts toward unity have been

damaged in recent months, Euro-

pean financial and political ana-

lysts say, by the feeling that Ger-many's high interest rates and

determination to maintain an infla-

tion-proof mark have contributed

significantly to the recessionary or

low growth cycles that grip the en-

concern explicit in their criticism of

Germany for "rigid" economic pol-

icies as a way of defending Lon-

don's about-face last week in with-

drawing the British pouod.

indefinitely, from the fixed-parity

zone of the European Monetary

This represented a dramatic and politically damaging concession for

British officials have made this

With the "yes" vote Sunday in taking place in the U.K., Germany and cance on the Maastricht treaty, the elsewhere. And we will have to learn from that because, if we do not learn and try to give the Community some more democratic legitimacy, then we might well lose

Support.
We hope that we will be able to present
October and we our proposals during October, and we

MONDAY Q&A

hope that a framework for a solution before the Edinburgh summit so that it will be in place before we take over the presidency on Jan. 1.

Q. Some have suggested that because you are the odd man out at the moment you might have to step aside in January.

A. Are we really the odd man out or are we the odd man in? Because it is fairly obvious that there is too large a distance from the Community to the individual Europeans. I believe that the solution to

Prime Minister John Major, who in tightly to the mark brought price October 1990 led the move to bring stability and low unit production

costs.

But the continuing rise of unem-

ployment in Britain and France — both countries are approaching the

historic 3 million unemployed

mark - has dampened public en-

thusiasm for what the German

resents a strong, perhaps fatal, po-

litical setback for Mr. Delors in

France. Six months ago, he was listed in the polls as the leading

contender to succeed President

François Mitterrand in 1995, even

though he has never been elected to

technocratic way in which Mr. De-

a major post in France. But the

lors is perceived to have managed

the Maastricht process has created

about the future of Europe was

captured in a speech Mr. Delors

a political disaster for him. The sudden change in mood

The referendum's outcome rep-

EUROPE: A Once-Glittering Dream Bites the Dust

the pound into the Community's

exchange rate mechanism. Mr. Ma-

jor was repeating the conventional

wisdom of the time by arguing that

linking the pound to the mark, Eu-

rope's strongest currency, would

enable Britain to import Germa-

But a month later, the Berlin

Wall fell. Unification has imposed an enormous financial burden on

Germany, which has driven interest

rates up close to 10 percent to keep

inflation down and the mark up,

and to attract foreign currency to

help finance its growing budget

German officials have defended

their policies as an effort to export

Europe, This view was implicitly

endorsed by the chief architect of

the Maastricht treaty, Jacques De-

"a culture of stability" to the rest of

economic model.

ny's low-inflation, high-growth model has become.

what some have called the Danish problem might also become a solution to what thing. I don't have second thoughts on might become a far more serious Enropean problem, and that is why we are planning to ask for discussion on ideas like more democracy, more openness, more decentralization. We have to find solutions there and this has to be solved before we can go back to the Danish voters and ask for a second opinion.

O. Jacques Chirac, the former French prime minister, called this very narrow vote not an ending of a process but a point of departure. Do you think that indeed this may be the start of a process not to renegotiate the treaty but to take another look at it?

A. I hope that it will be possible to create a solution that makes it obvious to all Europeans that these things are now being taken more seriously. I was one of those who worked very hard to get the Maastricht treaty through in our country,

and i still believe it was the best possible that, but I have had to learn from the message that we got from our voters, and other European politicians should get the same message because otherwise we might end up in a far more serious mess.

Q. Do you think this result will calm

down the numoil on the markets? A. As an economic journalist for 15 years, I believe that what we saw was a shost from the past, and it underlined the need to continue to strengthen the cooperation on the currency market. I also believe that it is wrong to blame

the Germans. They accepted to enter into closer economic and monetary union so that it would not only be the German Bundesbank council that would be sitting in Frankfurt deciding the fate of everybody else but there would be a new council where we would all sit. The Germans accepted that. A lot of us dragged our

the Germans for continuing to play ac-cording to the rules that they have accented to change

Q. Can the Europeans move ahead with plans for a common foreign policy as a result of the French vote? A. You can only make a common for-

eign policy if you agree on what the elements have to be. We have always known that some of the larger member countries - one of them the one that voted today - could not be brought to support a common foreign policy that they thought was against their own deeper leelings or interests. So nothing has changed there.

Q. Must there be an immediate European summit meeting as a result of the French referendum?

A. Why? What we need to do is keep our nerves calm, just as we would have had to do had it been a "no" vote.

WORLD BRIEFS

Japanese Troops Land in Cambodia

PHNOM PENH (AFP) The first Japanese troops to be deployed overseas since World War II arrived here Sunday to join the UN peacekeeping force. The eight-officer group was the first of several hundred Japanese soldiers expected to arrive here over the next four

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The eight will take posts as military observers throughout Cambodia responsible for investigating violations of the cease-fire that ended the civil war, assuring that no foreign supplies or weapons are sent to any factions and overseeing the disarmament and demobilization of Cambo-

Subsequent Japanese arrivals will include engineers, who have been assigned to repair National Routes 2 and 3 leading south from Phnom dia's armed units.

Abkhazia Rebels Kill 7 Georgians

MOSCOW — Seven Georgian soldiers were killed and 14 wounded when rebel gunner attacked a bus in the separatist region of Abkhazia. local journalists said Sunday

They quoted local military authorities as saying that the rebels ambushed the bus Samrday night just outside the city of Gagra on the Black Sea coast. Itar-Tass news agency said eight people were missing. The Georgian Embassy in Moscow said earlier that 29 people had been killed. Georgia's governing State Council moved troops into Abkhazia to stop what it called terrorist attacks after the region's legislature in July demanded more autonomy.

U.S. May Seek End to Haiti Sanctions

WASHINGTON (WP) — One year after the Reverend Jean-Bertrand Aristide was overthrown as president of Haiti, the United States, which spearheaded the imposition of economic sanctions in hopes of quickly reversing the coup, has adopted a far more limited strategy that could involve lifting the economic embargo that is crushing the island economy

"The experience of a year has shown that the embargo was a blunt instrument," a senior U.S. official said, referring to the sanctions imposed in October by the Organization of American States. "No decisions have been made, but there is a growing feeling that the embargo has outlived

The official said that the Bush administration and other Western & Hemisphere democracies now hope that the impasse can be broken through an agreement parched together last weekend by the Organization of American States between Father Aristide and Marc Bazin, prime minister of the military-dominated Haitian government. It calls for stationing 18 Organization observers on the island as an aid to reducing violence and human rights violations.

Fischer Now Leads Chess Match, 5-2

SVETI STEFAN, Yngoslavia (AP) - Bobby Fischer, attacking aggressively with the white pieces, defeated Boris Spassky decisively on Sunday to take a 5-2 lead in their \$5 million chess rematch.

Mr. Fischer's victory in Game 11 marked the symbolic halfway point of the protech in which the first blanch and the symbolic halfway point

of the match, in which the first player to take 10 games is the victor. Match rules call for a change of venue from this Montenegrin island resort to the Yugoslav capital, Belgrade, after one player has won five games. The match is to resume there after a pause of seven to 10 days.

GAME 11 SICILIAN DEFENSE White Fischer White Fischer 22. ef+ 8e5 23. f4 Re8 24. fxe5 Rxc2 25. e6 Bc6 26. Rc1 Rxc1 27, Rxc1 Kd6 28. Rd1 + Ka5 32. Rxo5 33. Ra7 34. Rb7 12 Nm4 13 Nd2 14 Nc4 Qd7 Bb7 17. Night 66 18. Nidf7 Qxd1.

For the Record

Estorians held presidential and parliamentary elections on Sunday in the Baltic republic's first such voting since it broke free from Soviet rule, The large Russian-speaking minority was barred from voting, a move that a senior Moscow official said violated international law Preliminary results were expected early Monday.

Reuters)

TRAVEL UPDATE

Beer lovers are expected to put away more than seven million liters of Bavarian brews during the 159th annual Oktoberfest, which opened Saturday in Munich. The festival lasts for 16 days. (Reuters)

Italy's Ministry of Culture has blocked a Club Mediterrance resort development of 80 chalets on the island of Caprera off the northeast coast

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Belize, Malta. TUESDAY: Mail. WEDNESDAY: Janan.

THURSDAY: Bolivia, Dominican Republic, Guinea-Bissau,

PRIDAY: Mozambique, Rwanda.



Jacques Delors, the EC Commission president and a 'yes' proponent, after voting Sunday in Paris.

lors, the Frenchman who is presi-dent of the European Community's executive body, the EC Commisgave to the European Parliament in Strasbourg last week. Instead of emphasizing the EC's role, he told sion. Mr. Delors told the French in the parliament that from now on, late 1990 that they should be glad to be part of the "German mark national parliaments would have a much stronger say in European

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FRANCE: Half-Hearted Approval of the Treaty Leaves Europe With a Fragile Consensus the French leader, who is unpopu- the Community must become more democratic, meaning that more of lar, by voting against the treaty. But voter surveys on Sunday its decisions need to be debated showed the anti-Mitterrand vote to be a minor factor.

its decisions need to be debated publicly in member countries before being adopted by the Commube a minor factor.

Mr. Mitterrand said Sunday mity. night that French voters had kept
the door open to the future and added that the "yes" vote had given tries "the signal they needed to go

hut the idea that it was vital not to neighbors. break the momentum toward Furopean unity that has been a constant exit polls on Sunday.

Jacques Delors, president of the EC Commission, which came in for have to take into account the objections and resistance that surfaced Many French leaders agreed that fears of a "no" as an open door to shopkeepers and many women, ac- by favorable to the Community if it

French leaders and Mr. Delors sent neighboring European coun- Europe a better chance of weathering the challenges of self-defense in global financial markets and also The strongest motivation of provided a better hedge against yes voters on Sunday was not seeing political warest in Eastern support of the Maastricht treaty Europe spill over ou its richer

The result was hailed by the in policy for decades, according to country's political leadership, which had campaigned for approv-French people voting "no" said al. as an outcome that spared that they were acting out of opposi-tion to the treaty and to the EC as they perceive it currently, particu-larly the bureaucracy in Brussels.

France from what they depicted as a cataclysm of a "no" vote repudi-ating decades of pro-European ef-forts by successive French govern-

The numbed welcome in Germaiotense criticism during the French my reflected the concern among many officials in Bonn about the barely veiled fear toward rising

chaos in Europe, and fears of a cording to pre-election surveys. had not become enmeshed with do-yes" that would crode France's Many of these people reportedly mestic political debate. His centersovereignty and let other European feared the Massmicht blueprint for right party, which has always been nationalities invade French life. would threaten their livelihoods French economic stagnation and and perhaps even their neighbor-

rising unemployment tarnished the appeal of EC plans and turned the tion. Many French people comemotional campaign into a mere bid by the political establishment plained that they were misure what of voters had answered 'yes' to the the complex treaty provisions actuto stave off defeat, as dissidents in their own parties turned against the The victory reflected support

self-confident social categories. Chirac, the RPR leader, to endorse Older people, with memories of the treaty. war with Germany, also were favorable.

tion of Communists, the far right, eignty of France, carried a majority led by Jean-Marie Le Pen, and of RPR voters with him and said on some political mavericks. This di- Sunday night that the Maastricht verse group would have afforded treaty had become a dead letter. the country no coherent political alternative if the "no" had won.

But opposition also came from a to the French people by the presi-few prominent political leaders, including Charles Pasqua, a former ratification of the Treaty on Euromainly smong middle class, more Ganlist minister of the interior, pean Union?"
prosperous, more educated and who defied the decision of Jacques Border Talks Are Set

Mr. Pasqua, striking a populist By Vietnam and China chord with his warnings that the Opponents were a tactical coali- treaty would undermine the sover-

Valety Giscard d'Estaing, the former president, said that other barely veiled fear toward rising
German strength voiced by both
sides in the French campaign. Both
camps played on French lears —

Cutting across party lines, the Europeans should know see that
wave of antagonism included most the French "are ready to construct
of France's farmers, many lowerpaid industrial workers and small vote would have been more strong-

Agence France-Presse HANOI - China and Victuam

ty, voted overwhelmingly for the

Interior Minister Paul Ouiles of-

following question: "Do you ap-prove of the legislation submitted

treaty.

have agreed to meet soon in Beijing to try to resolve their territorial disputes, a deputy Chinese foreign minister, Xu Dunxin, said here Sunday.

"We understand that relations between China and Vietnam are of great importance and that the exist-

VOTE: French 'Yes' Doesn't Settle Many Accounts on Economic Union

(Continued from page 1)

"The damage has been done," said Karel van Miert, a commission member. "The Communi-ty has been drifting away and drifting apart and losing credibility to the outside world. When things start sliding, it is difficult to stop them."

To begin with, there is still the devilish prob-

lem of Denmark, which rejected the treaty in June, as well as the fresh doubts about fixed exchange rates raised in Britain and Germany by the maybem in currency markets last week, "A narrow 'yes' vote takes all the uncertainty and shoves it on to the Germans and the British," said Jim Rollo, director of European eco-

nomic studies at the Royal Institute of Interna-

tional Affairs in London. In Britain, where Germany's central bank is widely blamed for the wave of currency speculation that swamped the pound last week, Prime Minister John Major will have an uphill light to win ratification of the Maastricht treaty In Germany, where the idea of unifying En-

rope has enjoyed strong support for decades, popular opinion now challenges the idea of giving up the cherished Deutsche mark for an unknown European single currency.

While many German leaders continue to support the grand expected.

port the grand project of a single European currency, some of that public doubt is beginming to creep into German boardrooms, banking circles and some opposition political clubhouses. The Bundesbank, in particular, fears that other nations, with weaker commitments to lighting inflation, might undermine econom-

"I have never believed, frankly, that the Ecu would become a European currency," Henry A. Kissinger, the former U.S. secretary of state, said in Washington over the weekend at the semiannual meeting of the International Mone-tary Fund and the World Bank. "I don't believe that leadership groups in Germany will want, in the end, to give up the D-mark." Initial German reaction to the French vote

Political leaders will never again be able to assume that their ideas for building a united Europe are as uncontroversial as motherhood and apple pie." Albert Bressand, director of

Promethée was nervous. "It is the worst of all possible worlds in the sense that it leaves us all in limbo," said Lury Anderson, an economist at Deutsche Bank Research in London. "There's a

two-speed Europe now, of that there's no doubt. The question is where it's going." Rejection by the Danes and the intense de-bate in France that produced only a narrow

victory for the Maastricht treaty reflect wider popular unease throughout Europe

There will have to be new thinking in a number of areas," said Uffe Ellemann-Jensen, Denmark's foreign minister. "It is difficult to see us proceeding with the former ambinious plans. This will have an effect for years to Perhaps the most important consequence of French approval was to deny victory to the

a few respected maverick politicians within the mainstream parties, who found themselves on the same side as extremists of the far left and far right.

The opponents had no common program to
the Measuright treaty. offer as an alternative to the Maastricht treaty,

"no" forces, a strange-bedfellows assortment of

with many of them advocating little more than a retreat into anti-foreign nationalism and trade protectionism. The vote also represents a victory for those who are determined to bind the French econo-

my and French currency to Germany to form an inner core of the European Community. That nucleus should include the Benchux nations and perhaps others, such as Austria and Sweden, that may join the EC in the next few years. But with the French vote falling far short of an overwhelming endorsement of the treaty, there is very likely to be continual economic turbulence ahead

"A 'no' vote on Maastricht would he dread-ful," a French business executive mouned in a recent cartoon in Le Monde, capturing the mood that descended on Paris before the vote. "But a 'yes' wouldn't be much better."

WARNINGS: A Mounting Sense of Nationalism in Western Europe

for European unity and was confident that Germany's parliament will ratify the pact later this year.

ingly vocal demands that the treaty be put to an imprecedented popular vote — a move now sought by 83 percent of Germans, according to a national poli released this weekend. "We stand today before new challenges that

cannot be mastered with national policies alone," Mr. Kohl said, restating his belief that the European Community must be not only an economic collective, but also a single political

Mr. Kohl acknowledged the rising tide of vote public opposition to treaty elements such as the kets.

But Mr. Kohl's main opponent, the Social Democratic Party leader, Björn Engholm, called the French vote a warning signal that the Community must become more democratic.

Heimit Schlesinger, predicted that the "yes" vote would calm troubled world currency mar-

term political and economic stability in Europe and the Atlantic alliance.

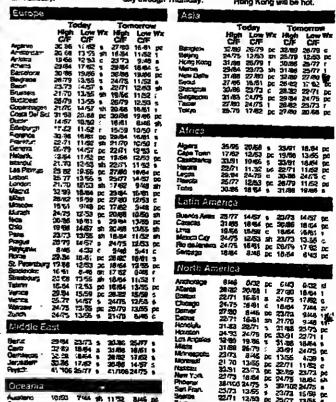
"In the very short term, it certainly creates less likelihood that there will be any chaos or turnoil either politically or economically, and it will be easier to work on a common agenda," the official said. "The vote avoids the worst fears of a 'no."

The official, who spoke on the condition that he not be named, said that the White House intended to congratulate France and Europe "for the process of the vote," but added. "We're not going to prejudge what next steps there should be."

Sources: J.P. Morgan, Reuters. The Weather Forecast for Tuesday through Thursday

SSS un North America

New York City will be warm
Tuesday with a storms and
a thurndoretorm, then
Wednesday and Thursday
will be sunny end cool.
Childy waither on whose for
Chasgo Tuesday and there
round be a first Tuesday
right Atlanta will have thursderstorms, perhaps heavy,
on Tuesday. Asia
Tropical Storm Ted will
bring more windswopl
downpours to Talpa Tuesday. Ted's rains will douse
Shanghai twough Wednesday. Tokyo will remain
manky dry, but southwestem Japan will turn showery
and muggy, showers will
occur in Koree by midweek.
Hong Kong will be hot. Europe EUROPE
Tuesday will be comewhat rainy from eastern Great Britain through northern Germany. Lordon and Paris will have some sunshme Wednesday and Thursday, shhough a passing chower cannot be nuled out Madrid will be warm with a fair amount of sunshme Tuesday twough Thursday.



sacrifice of the Deutsche mark to an all-Euro-(Continued from page f) In Washington, a White House official said the French vote would ensure at least shortреал сштепсу by 1999. considered the French decision a "new boost"

But Mr. Kohl did not comment on increas-

"Our citizens are worried that Europe will develop in a centralized way and undermine national identities," he said, adding that Germany would pay attention to such concerns when carrying out the treaty.

Mr. Engholm said the Maastricht treaty was a sign that "Western Europe will not let itself be injected by the germ of nationalism."

The president of Germany's central bank,

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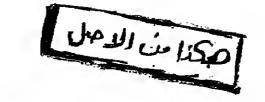
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CAMPAIGN '92 / THE PEROT FACTOR

Ex-Joint Chiefs Chairman Endorses Clinton

LITTLE ROCK, Arkansas — In a coup for the Democratic campaign, a former chairman of the Joint Chiefs of Staff, Admiral William J. Crowe Jr., has endorsed Bill Clinton for president. "There has been an inordinate amount of attention in this campaign paid to Governor Clinton's lack of military service," Admiral Crowe said,

with the Arkansas governor nearby.
"I served in uniform for 47 years," he added. "I know and have worked with many others who didn't serve in uniform, including a number of key national security figures in the Bush administration That fact never affected my ability to work with them or my high regard for them."

Admiral Crowe's action was a boost for Mr. Clinton, coming at a time when the Republicans were hammering him for avoiding the draft during the Vietnam War and for offering differing explanations of how he did it.

The Debate Flurry Turns to Macho Matters

ALBUQUERQUE, New Mexico - In a sharply personal effort to pressure Mr. Bush to debate him on the terms he wants, Mr. Clinton accused his opponent of posturing behind "macho talk," but running away when it came time to "go man to man."

The Democratic presidential candidate's attack was the beginning

of a third phase in the jockeying over proposed presidential debates that began several weeks ago with sniping from the press secretaries on each side and moved on last week to an airing of lawyerly threatening letters from the two campaign chairmen.
On the surface, Mr. Clinton's remarks were clearly meant to

continue and expand on his effort to embarrass Mr. Bush for continue and expand on his effort to embarrass Mr. Bush inredeclining to accept the first of three presidential debates outlined by the nonpartisan Commission on Presidential Debates. The first debate had set for Tuesday in East Lansing, Michigan, but Mr. Bush is declining to debate under the rules proposed by the commission.

Mr. Clinton, who accepted the commission's proposal, has said he will be in East Lansing on debate day, whether or not Mr. Bush is there. The Clinton campaign began broadcasting a radio commercial

there. The Clinton campaign began broadcasting a radio commercial in Michigan accusing Mr. Bush of being afraid to debate the issues, and inviting listeners to call the Michigan headquarters of the Bush campaign and "tell George Bush it's time to debate." (NYT)

For Congressmen, Maxi-Jitters on the Voters

WASHINGTON - With more House incumbents having lost primary races than in any year since World War II — 19 representatives in all - members of Congress are experiencing powerful campaign jitters as they prepare to face angry voters in a year of extraordinary political uncertainty.

Public disdain for Congress—coupled with a broad movement to

impose term limits - has forced many lawmakers to work harder, spend more money campaigning and make more trips to their home districts than ever as they seek to retain their seats in the House or

From House Speaker Thomas S. Foley, Democrat of Washington, to the most obscure backbencher, Republicans and Democrats alike said they were approaching the Nov. 3 election with increasing

Quote-Unquote

375 37566

"It is time for Bill Clinton to give his 'Checkers' speech and tell the American people, 'I have not leveled with you.' " — Senator Boh Dole of Kansas, the Senate Republican leader.

Away From the Hustings

• Congress approved a record \$11.1 billion relief package to aid victims of two recent humicanes, sending it on for the president's signature. Goaded by officials from Florida, Louisiana and Hawaii, House and Senate negotiators agreed to use deficit financing to provide \$6.3 billion in direct assistance and \$4.8 billion in loans. The funding also will assist victims of a typhoon in Guam.

political memoir containing the revelation that he leared that racist Philadelphia police officers were planning to kill him during the fiery confrontation between the police and the radical group Move in 1985. Mr. Goode writes that he stayed home, out of ham's way.

 An underground explosion in an Arctic gold mine that killed nine men Friday may have been sabotage, the Royal Canadian Mounted Police said, and they are considering the deaths as murders. The mine, in Yellowknife, British Columbia, has been beset by strikes. · A man whose 1991 Ferrari had a family air conditioner, malfuncwa man whose 1991 Ferrary and a tanny air conditioner, maifunc-tioning seat belts and a leaky roof will get a \$132,805 refund in the second-highest award under Florida's "lemon law." The money for Ernie Haire 3d granted by a state arbitration panel was topped only by the \$134,500 buyback of a defective Rolis-Royce in January.

• A small earthquake hit Northern California, but there were no immediate reports of damage or injury, authorities said. The quake measured 4.5 on the Richter scale, according to the U.S. Geological Survey office in Colorado.

a After trying to avoid a public hearing scheduled to begin Monday, a Harvard psychiatrist accused of contributing to a patient's suicide submitted a letter unconditionally giving up her medical license. Massachusetts authorities accepted Margaret Bean-Bayog's offer, and the hearing was canceled.

• The top winds of a hurricane designated Bonnie dropped to 85 miles per hour (140 kph) as it slowly drifted into colder Atlantic waters far from land, forecasters in Miami said. The second hurricane in the Atlantic season was more than 500 miles east-northeast of Bermuda, drifting north-northeast.

• The Senate approved the tightening of the trade embargo against Cuba. The rider was attached to a \$274 billion military authorization bill by a vote of 61 to 24. WP, NYT, AP, Reuters

Favoritism Aided Quayle's Enlisting **In National Guard**

By Kevin Sack and Jeff Gerth

New York Times Service Indiana National Guard officers, INDIANAPOLIS — At a time enlisted men and others who were when Republicans are stressing named away by the Guard. military records as a campaign is-sue, a re-examination of Vice Presi-dent Dan Quayle's enlistment in ington had ordered Guard units the Indiana National Guard shows nationwide to fill vacancies from a pattern of favoritism and raises the top of the waiting list, or with new questions about the fairness of the first person who applied, if the enlistment practices for the unit there was no waiting list.

The many-three years ago, when May 1969, the Indiana National

thousands of young men trying to Guard had waiting lists probably escape service in Vietnam were numbering in the thousands, acplaced on waiting lists for the National Guard, Mr. Quayle secured a recruiting at that time. coveted spot in the Indiana National Guard because he was directed al Guard because he was directed how long the waiting lists were for to the headquarters unit, where the Indiana National Guard when openings were largely unavailable Mr. Quayle enlisted on May 19, to those without special connec- 1969. The lists were kept casually tions, knowledge or qualifications by unit commanders in each of the

In 1988, Mr. Quayle acknowly state's 90 units, and most of the edged that he asked a former Na- records were destroyed years ago. tional Guard official to help him Bot in interviews, several former gain entry. guardsmen and others who sought enlistment at the time all recalled

But it had never been clearly established before now that his unit that the lists were forbidding. doled out enlistment sints to some men while turning others away — time had set strict rules to end rat a time when Washington had cial discrimination in recruiting in ordered all Guard units across the the South and illegal trafficking in nation to enlist men on a first- coveted Guard slots elsewhere. come, first-served basis.

[Mr. Quayle acknowledged for examination of records by The the first time Sunday that entering the National Guard was a virtual guarantee he would avoid combat crucial. Without them he probably in Vietnam, Renters reported from would not have found the head-Washington. "Obviously if you join quarters unit and its vacancies. the National Guard, you have less of a chance of going to Vietnam. I mean that goes without saying," he said on NBC television.

[But Mr. Quayle denied he received any favors. "I never asked for any energy that the said on the content of the said.

for any special treatment," he said. There were no rules broken, nn regulations broken. There were

A legal way was for men of draft help is murky and illustrates the age to fulfill their obligation with a subjective nature of what has besix-year hitch in the National come a long and tortured debate on Guard or reserves. Members of the just what Mr. Clinton did or did Guard and reserves typically spent not do to avoid being drafted durabout six months on active thaty ing the Vietnam War, and served the rest of their six years Clinton campaign officials say a by attending several meetings, or measure of assistance was given to one weekend, each mouth, and a Mr. Clinton by his close friend and 37,000 of more than a million men was then Mr. Fulbright's top aide. 15,000 were sent to Vietnam.

Because of their relative safety.

But others, including the two openings in the Guard and reserves army officers who ran the ROTC were so coveted that eager young men often drove through several

Just after George Bush chose draft. him as his running mate in 1988.

Mr. Quayle argued that the telephone call made on his behalf by a help in entering the ROTC, Dee retired Guard general, an employee Dee Myers, Mr. Clinton's spokes-of his grandfather's newspaper, ul-woman, said Mr. Clinton had timately had little impact on his ability to join the Guard because about what his options were and his unit in Indianapolis had a number of vacancies.

about what his options were and asked them to help him ascertain those options, but he didn't ask

what had been a mushrooming behalf." controversy. Mr. Quayle has been bothered by few questions about the matter since, and now he is helping to lead the Bush campaign's assault the draft record of Governor Bill Clinton, the Democratie presidential candidate. But Mr. Quayle's explanation does not

Some Perot Backers Find Hope Again

By E.J. Dionne Jr. and Richard Morin

Washington Past Service PHOENIX, Arizona — When Ross Perot shut down his presi-dential candidacy in July, Yoli Petri felt "betrayed." Bob Lewis was "devastated, speechless," and Pamela Lopez wondered, "Gee, maybe he wasn't the guy I thought he was."

But they said they were ready to vote for him in November if he became an active candidate. Their willingness, they said, was not only a statement about him but an indictment of George Bush, Bill Clinton and the presidential campaign.

These three were among eight Phoenix-area Perot supporters who talked with The Washington Post in July about presidential politics. The other day they sat down again to discuss political developments since Mr. Perot's withdrawal.

The latest session here was almost all bad news for President Bush, whose convention was, in the eyes of these people, a disas-

One of the eight, David Ireland, 49, the assistant director of the county's social services agencv. said the Republicans believed that "if they say family values" enough times, everyone is going tn say, Yow - that is what we need, family values.' The unemployed, they are out there some-where floating."

Mr. Ireland and Lois Crowell, 60, had hoped that Mr. Bush would have persuaded them in vote for him by now. Instead, he has only persuaded them to pre-

reluctance.
Mrs. Crowell said she was "so disappointed" with the Republican convention "because they didn't really set forth any program that would motivate me to say, Well, they may have some-thing better to offer than the

The good news for the Arkansas governor is that, for now, all eight voters in the group pre-ferred him to Mr. Bush. In 1988, six of them voted for Mr. Bush. The bad news far the Democratic nominee is that be has oot yet closed the sale. He has failed to solidify his support by easing voters' worries about his charac-

Most in the group rejected the importance of Mr. Clinton's draft record as a campaign issue. But Mr. Ireland said that the way that Mr. Clinton had handled quescons about it raised more serious

As an inactive candidate simply a name on the ballot — Mr. Perot would siphon off at least one and as many as three votes from Mr. Clinton in this

discussion group.

If Mr. Perot were to run in earnest, seven of the eight said they were likely in vote for him, despite their barsh words about his decision in July to suspend his independent presidential cam-

paign.
For the most ardent Perot enthusiasts, there was little fear that a vote for him would be "wasted" or might allow Mr. Bush to win. Sending a message and shaking up "the system" might be enough, they said.

Ross Perot, discussing the U.S. economy in a TV interview.

Clinton Sought Fulbright's 'Advice' on the Draft

By Roberto Suro New York Times Service FAYETTEVILLE, Arkansas -

enlisted did oot appear to be oper-

ating on a first-come, first-served

basis, according to interviews with

It is impossible to know precisely

The Defense Department at that

More than 30 interviews and an

New York Times found that Mr.

Quayle's family connections were

crucial. Without them he probably

openings."]

Bill Clinton's campaign organization May 1969, when Mr. Quayle tion has acknowledged that the was graduated from DePauw University, U.S. servicemen were dying discussed options to the draft with in Southeast Asia at the rate of 39 a Senator J. William Fulbright's ofday. For the nearly 27 million men fice in 1969, when Mr. Clinton was who came of draft age during the seeking a spot in the University of period, there were imnumerable Arkansas Reserve Officers' Trainways to avoid the draft, some legal, ing Corps to avoid being drafted. The question of what constitutes

ict. Only former boss. Lee William in the Guard and reserves during But they say this assistance was the war were mobilized, and only limited to providing Mr. Clinton with advice.

program in Arkansas, say that Mr. Fulbright's office called them seekstates, stopping at armodes in town ing to know what could be done to after town to place their names on help Mr. Clinton get into the program and thus keep him out of the

"talked to the Fulbright people That argument quickly calmed anyone to influence anyone on his

> "This is what senatorial offices do," she added. "That's what taxpayers pay them to do."
> [Mr. Fulbright said that he did

not remember being approached by Mr. Clinton, one of his former interns, on the draft or any similar subject. The Associated Press retell the whole story.

The unit in which Mr. Quayle

ported from Washington. Mr. Fulbright, a fierce cride of the war, said be would have told Mr. Clinton's request to join the training program with army of-asked.

cassed Mr. Clinton's request to join story may be supported by the doctoment in the Fulbright archives.

lt shows that in July 1969, Mr.

But Mr. Clinton has been saving

The former senator, now 87. said it was "disgraceful" for the Clinton was seeking. A discussion issue to be used against Mr. Clinof the memo this week with Mr. ton, adding, "I can see where the president has nothing else to talk

Mr. Clinton has always maintained that he received no "unusual or favorable treatment" as he tried to avoid serving in Victnam.

A document in the Fulbright ar-chives at the University of Arkan-sas shows how Mr. Fulbright's office provided that help. The single sheet of handwritten ootes is

details of the arrangement Mr.

Williams supports this interpretation of the document. Mr. Clinton had worked in Mr. Fulbright's office a year earlier, while he was a student at Georgetown University.

These matters have become an issue in the presidential campaign not so much because of the events 23 years ago but because of Mr. Clinton's difficulty this year in giv-

ing a full account.

Fulbright's office was discussi the terms of an arrangement with the army training program in just the way Mr. Clinton has described them this year. Colonel Eugene Holmes, who commanded the university's ROTC program at the time, issued an an-

gry statement Wednesday night arging that Mr. Clinton had "defranded the military" and "purposely decrived me." In the statement and in a previ-

ons interview, Colonel Holmes as-serted that he had been led to besketchy but suggests that in July

Mr. Clinton's explanations of serted that he had been led to beleast under disputed area of his draft lieve that Mr. Clinton would enter least under discussion at the time.

to take along.

But Mr. Clinton has been saying sioce February that Colonel Hnlmes had agreed to let him re-turn to Oxford for a year under the shelter of the ROTC deferment so he could complete his studies as a Rhodes Scholar, and that he had promised to enroll at the Arkansas law school the fullowing year, 1970,

Mr. Williams's notes appear to be the only existing record of any kind involving the arrangement be-tween Mr. Clinton and Colonel Holmes, and they indicate that the terms sought by Mr. Clinton, including the one-year delay, were at

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Space Shuttle Is Back Safely CAPE CANAVERAL, Florida

The U.S. space shuttle Endeavor, ending an eight-day flight that was the National Aeronautics and Space Administration's first space mission (or Japan, landed safely The shuttle, its crew of seven astronauts and a menagerie circled

the earth 127 times. The flight featured an array of preparatory experiments for the proposed \$30 bil-son U.S. space station. The shuttle's crew included the

first black woman to fly in space, it was the first time a married couple was aboard and the first time a had taken part in space flight.



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For a New Blue Army

around the world tomorrow, oext week,

PHNOM PENH - Trousands of United Nations peacekeepers came under rocket fire today as Khmer Rouge forces ended a year-old cease-fire agreement. Heavy casualties are expected unless foreign help can be deployed quickly in remote jungle areas. Or perhaps the news would take this

BAKU, Azerbaijan - Travelers gave accounts today of ethnic massacres in an adjoining republic in former Soviet Asia where communication links were severed following an earthquake that forced thousands to fice devastated cities.

Such violent eruptions in a world freed from Cold War constraints are no longer uousual but routine. And failure to act swiftly against violence and calamity means that death quickly becomes routine. Consider what has already happened in Bosnia

 and may happen soon in Somalia.

As a new UN General Assembly begins its biggest week, the world can finally get serious about the most promising way to contain chaos and combat death - a new blue army.

With a force capable of responding quickly, the United Nations could save lives, check refugee tides and discourage warlords. lo the world, as oo a city street, the mere presence of a cop on the beat matters. Yet neither the United States nor Russia wants to be a global cop, and the United Nations has neither means nor

mandate for that role. That is why the 15 heads of state at the Security Council summit meeting in January asked the secretary-general to recommend ways of preventing and stopping wars. In June, Butros Butros Ghali came up with a superb report, "An Agenda for Peace," urging UN members to earmark standby forces that the Security Council could summon in 48 hours to keep the

A news bulletin like this could flash peace and put out fires. Just such a force is stipulated in the UN Charter.

Alas, the reaction to the "Agenda for Peace" has been paralysis. Poor Third World countries fear that Mr. Butros Ghali's "peace enforcement units" could be used by big powers to intrude in their affairs. Big, rich countries worry about the costs, and about giving a secretary-general

too much authority. Before 1988, the United Nations mounted 13 peacekeeping operations; in just the four years since, that figure has doubled. Unpaid peacekeeping bills have soared since January from S816 million to \$1.9 billion. Donors understandably worry how and where it will end.

Mr. Butros Ghali has addressed these fears with some interesting proposals. He would have big donors contribute from their defense budgets, supplying equipment where feasible, as the Pentagon is doing by providing mine detectors in Afghanistan. International air travelers would pay a small tax to replenish a peacekeeping fund; or arms sales would be taxed. And member countries would provide volunteers for standby units.

Still there is a deeper worry to some Americans: A oew blue army under multinational command smells like some woollyheaded plunge toward world government. That ignores the UN Charter, under which blue helmets can be deployed only at the express request of the Security Council in which the United States has a veto.

This is all new terrain. But acting against war and catastrophe heads the lobal agenda. If America does not take the lead in discussing peacekeeping, oo-body else will. Thus far, President George Bush and Governor Bill Clinton have door so in only the vaguest terms. Mr. Bush addresses the General Assembly on Monday. It is a rare opportunity to demonstrate leadership that is truly global.

-THE NEW YORK TIMES.

Blaming the Victims

What Bush Knew ...

INTERNATIONAL HERALD TRIBUNE

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With racial tensioo in reunified Germany oow spilling out into sustaioed violence against refugees and other foreigners, there may be oo simple way to defuse the problems posed by refugee influx and ficancial strain. But it is possible for officials to take steps that worsen the tension. This, unfortunately, is what the German government has now done in announcing it will deport the vast majority of would-be Gypsy refugees back to Romania beginning on Nov. 1.

The policy, reached by intensive negotiations with the Romanian government, is expected to remove about 70 percent of all Gypsies entering Germany. It follows a series of confused attempts by the Kohl government to get a handle on the influx of refugees and tighten the constitutional provisions on asylum.

Meanwhile, though, the law enforcement response to rising racist violence has lagged. The court system only recently delivered its first verticts, relatively minor sentences of two and four years, for the murder of an African "guest worker" in 1990 - though Chancellor Helmut Kohl and others had urged heavier sentences. The combination tacitly reinforces exactly the wrong notion: that the violence is somehow caused by forcigners' presence rather than by criminals.

They form only 15 percent or so of asylum seekers bot have been major targets of the almost nightly outbreaks of violence by oco-Nazi thugs. But there is broader

Iran-contra affair and when did he know it?

The answers turn out to be: a lot, and early.

Mr. Bush plausibly denies being "in the

loop" of the arms-for-hostage Iranian oper-

ation or the illicit supply of rebels in Nica-

ragna. But at least to general, be knew about those colossal follies and, it appears,

Even after six years of investigation, the

information remains maddeningly incom-

plete. But with the independent counsel, Lawrence Walsh, winding down his work, there is nonetheless enough information

available to pass judgment on some basic

poiots about this monumental crisis in

constitutional government.

How could Vice President Bush not

have known about the Iran-contra affair?

How could this man, grooming himself for

the presidency and proud of his readiness,

have failed to understand that the White

House was lunging to pay ransom to ter-ronsts." And how could Mr. Bush, espe-cially as a former intelligence chief, have

failed to ootice signs of illicit aid to

the Nicaraguan rebels?

It is plausible that those off-the-books

entrepreneurs, Oliver North on the Na-

tional Security Council staff, and William Casey at the CIA, kept Mr. Bush out of

their information loop. But there are many ways for a skillful vice president to stay

plugged io, and there is reason to believe that Mr. Bush did so.

The latest example is a memorandum registering a complaint by former Secre-

tary of Defense Caspar Weinberger to for-

did nothing to stop them.

popular sentiment against the Gypsies because of complaints about begging, stealing and noisemaking. Even government officials who deplore the violence frequently add that the Gypsies' behavior renders it understandab

German law allows no legal immigration except for ethnic Germans, but grants asylum for anyone who can prove political persecution at home. The swelling numbers of refugees are those waiting for their applications to be processed who often slip into the society before they can be sent home. Government officials say few of the Romanian Gypsies would meet the political persecution standard - although members of Gypsy groups report daily attacks on Gypsy families in Romania and Hungary, Bo hind the dilemma lies the familiar conflict that rich countries, including the United States, face in deciding whom to admit from poor countries.

But the message being sent here is that if you do not like the behavior of the people next door - how they look, smell and dress - and you are not satisfied with the official response, the way to get quick government action is to attack these people physically and firebomb their houses. At that point the government will do what you wanted all along -get rid of them. It Germany has acknowledged special re- is a sorry stance for a country whose modsponsibility to shelter Gypsies, since the rem leaders, sensitive about the past, set Nazis slaughtered half a million of them. great store by their demonstrated commitment to the rule of law. And it is a bad example for the former East Germans to

that memorandum oow? A spokesman ar-

gues lamely that Mr. Bush did oot attend

the meetings at which the strongest objec-

As for Nicaragua, Mr. Bush's years of silence have not made more credible his

defense of ignorance. His security adviser,

Donald Gregg, was supposed to be Vice President Bush's eves and ears worldwide. He claimed to have learned of White House

involvement in the contra resupply program in August 1986 but did not tell his boss umil

the rest of the world knew. Far from disci-plining Mr. Gregg, when Mr. Bush became president be made him an ambassador.

In a recent television interview Mr.

Bush said misleadingly that he did not think Secretaries Shultz and Weinberger doubted his word. "And I have nothing to

explain," be went on. "I've given every bit

of evidence I have to these thousands of

investigators. And nobody has suggested that I've done anything wrong at all." Granted, George Bush was oot an Iran-

contra operative and be was outside its

illegal, at times criminal, web.

Bot as the book starts to close on years

of investigation, if there is no evidence that Mr. Bush did anything to further

these wrongs, neither is there any sugges-tion that he did anything right.

-THE NEW YORK TIMES.

tions were raised.

whom that lessoo is still oew. - THE WASHINGTON POST.

The French Aside, Maastricht Was Already Tumbling

MUNICH — It hardly matters whether the French voted "out" or "non" on the Maastricht agreement, grandiloquently titled the Treaty on European Union. For its key provisions had already been sunk slown out of the water by the nasty

realities of politics among nations. The U.S. Constitution originally had seven articles, strewn across a few pages, to underpin "a more perfect union." The Masstricht treaty fills some 250 pages.

But you do not have to wade through bundreds of titles and proto-cols to get the gist. It is right there on

possessions of Croatia and Slovenia. John Major and Giuliano Amato, the prime ministers of Britain and Italy, had but one choice: Iack up interest rates even more and kill all chances for recovery or delink from the tyranny of the Deutsche mark. They decided to stop paying — indi-rectly — for the costs of German

By Josef Joffe

tary union for now. The other two pillars of union -a common foreign and security policy
— crumbled earlier this year under

reunification, and this is the end of

the grand dream of European mone-

The handwriting has been on the wall all year, and on Wednesday the wall collapsed.

the first two pages, spelled out in the triple pledge to go for a "single curren-cy" and for a common foreign and

security policy.

Alas, Europe has already failed the test of unity, and so the French vote does little more than prolong the ago-ny. The handwriting has been on the wall all year, and on Wednesday the wall collapsed as if somebody had driven a car full of explosives into it. The European Monetary System went into shock that day when Brit-ain and Italy pulled out after a long, hapless attempt to defend the pound

and the hira against devaluation. What is wrong with devaluation? you might ask; after all, the dollar has been on a roller-coaster for years. That is like asking, "What's wrong with a little blasphemy in a revival meeting?" For, in theory at least, devaluation would trespass against the

spirit of Europe.

The whole idea of the European Monetary System as a trial run for a single currency relies on a strainacket of fixed exchange rates. But currencies can stay together only if their masters adhere to the same standards of fiscal and monetary probity.

Except that political leaders genuflect before different altars. They

look at their unemployment rates ---and then at their electoral calendars. Consequently, they will always try to wiggle out of the jacket, going for economic policies that will strain, then break, the monetary bond.

So why did the European-mone-

tary mesh stay around for so long? For one thing, until five years ago the dictatorship of virtue was regularly relieved by a brush with sin. There were lots of realignments and so everybody could stay on the wagon

precisely because he could take an intermittent swig from the bottle, But after 1987 currencies turned into Maginot lines - to be defended at all costs and against all comers. Hence the time bomb began to nick. The second reason was more pro-

found: German reunification in 1990. That was like putting the junkie in charge of the cocaine supply. Origthe Bundesbank were to play the martinets. They would keep their own government in line and, by yanking the fixed-parity chain, force the spendthrifts elsewhere to shape up or suffer the ultimate humiliation devaluation.

That was yesterday. The remifica-tion bill now runs at \$130 billion a year. But in Bonn, Chancellor Helmat Kohl chose George Bush as a role model: no new taxes. The result was massive deficit spending, massive borrowing and a nasty bout of inflation. So those gentlemeo from the Bundesbank stepped in like programmed robots, sending interest rates into the sky and lighting the fuse on the European Monetary System. the onslaught of a "new European order" that looks suspiciously like the old. Europe's common foreign policy took a hit in Yngoslavia from which it will not soon recover.

"We will do it our way," the Euro-pean Community told the United States when Yugoslavia began to disintegrate. "Our way," though, looked like a replay of World War I when France and Britain implicitly lined up behind their old ally Serbia, and the Germans behind the former Hansburg

The Serbs got the point: Every cease-fire signed under the aegis of the Community was broken before the pens were uncapped and Lord Car-rington, the mediator, rightly resigned.
A common security policy? Here too Yugoslavia acted like a flash of lightning that exposed the frailties of

Europe's ambitions.

Germany will remain the odd man out as long as it hides behind a debatable constitutional interpretation that proscribes military action beyond self-defense.

The Britons, Frenchmen and Italians? They are at least willing to contribute taken forces for the relief of Sarajevo. But this is where harmony bowed out. The French want the Western European Union, the "military arm" of the European Community, in charge. The British would rather march under the United Nations flag. London wants to keep NATO alive. Paris, as usual, opts for splendid aggravation," loath to accept any arrangement that preserves the "hegemony" of the United States. The moral of the story is a sad one: Europe has all the wherewithal for a superpower but for two elements: a common interest and a common will.

Nor should this come as a surprise. For 40 years history was suspended. The Cold War acted as a great disciplinarian and the two superpowers, the United States and Soviet Union, always stood ready to crack the whip of bloc discipline.

Moreover, the strongest power in Europe, Germany, is no longer a shackled Gulliver. It has shed its old dependencies without acquiring the habits of benign leadership. The explosion of the European Monetary System is instructive

What was logical for the Bundesbank - to fight fiscal irresponsibility with punishing interest rates — was a disaster for everybody else.

But leadership requires more than navel-gazing or a policy that sacri-fices European to German unity. To lead is to look out for others, too. Hence the pernicious referendum debate in France, where the proponents of Maastricht fell back on arguments that could hardly reassure their German brethren: that union was the only chance of reshackling

Where does Europe go from here? The diagnosis is all too clear. The disease is renationalization with a vergeance in the East and on cats' feet in the West. The threat is not war. But the metaphors have be-

Gulliver-on-Rhine

come military ones, which is a nice way to stoke the fires of nationalism. During the currency cataclysm the Italian press was fond of such shibbo-leths as "Dunkirk" and "Alamo." And the British press wrote as if "Wilhelm" Kohl had just dispatched

his dreadnoughts to Albion. Perhaps the shock of the First Geldkrieg will teach the Europeans a salutary lesson. Do not overreach;

aim lower so as to score higher. Europe is not ready for a "more perfect union." But the Single Mar-ket — providing for the untrammeled flow of goods, people and capital — agreed on before Maastricht will become reality on Jan. 1; French voters were not going to change that.

And the demise of the European Monetary System might actually be a blessing in disguise. For it will pro-

vide enough monetary freedom to cushion the shocks of "Big Bang '93," when the Single Market kicks in. The Europeans have seen the futhe chropeans have seen the te-ture; let us hope they don't like it. Like Dr. Spielvogel in "Portnoy's Com-plaint," they ought to say: "So. Now wee may perhaps to begin. Yes?" With a new, more modest agenda.

The writer is foreign editor of the Suddentische Zeitung. He contributed this comment to The New York Times.

Money's Message to Europe: Look Hard in the Mirror

P ARIS — Enrope's corrency crisis puts Britain's capable prime minister, John Major, and other Europe-an leaders in front of this suddenly unpleasant reality: Money does more than serve as an economic unit of account in modern societies. Money tells individuals and nations the truth about themselves - even when they don't want to hear it.

A currency may not be able to express the character or personality of a nation, as Charles de Gaulle believed. (Germany's obsession with the value of the Deptsche mark reflects a similar attachment to monev's metaphysical properties.) But a currency does express a nation's fortunes. A nation's intentions can be read in its money — and then judged with cold-blooded efficiency by the

world's financiers. That is the most immediate message out of Europe's currency turnoid, which drove the British pound and Italian lira out of the European Monetary System, forced a devaluation of the Spanish peseta and sent interest rates sharply upward elsewhere in Europe in the space of 48 hours.
In such moments, money not only

talks, it shouts, drowning out the re-assuring iuliables of brighter tomorrows that governments croon to their electorates in hard times. Look again in the mirror, the battered pound and lira say to their nations, and face the problems you

have been trying so hard to avoid. Stop blaming us, or other nations, and do something. Italy has been living beyond its

means in stereotypically flamboyant fashion for a decade. Britain has done the same, though far more discreetly and rationally, abandoning Britishowned manufacturing as its economic base to live off North Sea oil and earnings from its financial centers.

Mr. Major put a brave face on the seriously deteriorated economy he in-herited, claiming that he could fight inflation and reduce unemployment through exchange-rate manipulation. But the foreign exchange markets have rendered an implacable judg-ment on his muddle-through strateBy Jim Hoagland

gy, which may now be untenable. Those markets also tell inconvenient truths about Europe's search for unity, and about the international financial system as a whole. Money was to be the root of all unity in Europe. A single European currency was the instrument by which the European Community's 12

nation-states would convert themselves into a continental union able to compete economically and politically with the United States and Japan in the 21st century. But the bitter dispute between London and Bonn over who is at fault in the bludgeoning of the pound features

money as a factor of disunity.

The forced march of Britain and Italy out of the fixed-parity zone of the European Monetary System shows that a closer union will be much more difficult than the architects of the new United States of Europe expected.

Europhonia, triggered by the fall of the Berlin Wall and German reunification and already dampened by the Yugoslay crisis, is turning into Eurogloom.

The pound and lira crisis reveals a fundamental disorder in the international financial system as well. The system's vitality has been sapped by U.S. and European national economic strategies built on fighting inflation and tolerating high unemployment at a time of global recession.

Led by the United States, Western governments have practiced unilateral fiscal disarmament over the past 10 to 15 years. Unable or afraid to raise taxes, amassing suffocating bot improductive budget deficits and terrorized by the prospect of a re-turn of inflation, governments essentially have given up on stimulative economic policy-making.

The dollar is in fact a not-so-innocent bystander at the scene of the European currencies crash. The U.S. currency, undermined by the fiscal gridlock in Washington, reached historic lows against the Deutsche mark in August. The markets understood that the dollar could not sink lower without and account the course of the co without endangering the entire inter-national financial system. The curren-cies in between the dollar and the highflying mark became sitting ducks. As the world's only significant re-

serve currency, the dollar shapes the global financial environment. A weak ollar means a weak international financial system.

Americans should remember this as they look on the European currency disorders. Both President George Bush and Governor Bill Clinton have proclaimed their intention to revitalize America's economy; but neither have faced up to the unpleasant truths about the new taxes and deficit cutting that the weak dollar says are urgently needed.

The Washington Post.

When the World's Leaders Think Poor

N EW YORK - While European politicians and financial gnomes panicked during last week's aurency convulsions, the Swedes displayed uncharacteristic humor. They raised their interest rates by 500 percent. "You shall not pass!"

shouted to the monetary barbarians at the gates of their precious krona. This Swedish excess seemed the only sensible response to European behavior that made the United States appear, if only fleetingly, a well-governed country. Hegel opined that to be sane in a world of madmen is itself a form of insanity. Europeans are once again taking his advice to heart. like "Lombard rates," but what they were actually talking about last week was money. Or more precisely, the fact

that no one has very much of it. Or more exactly still, that the Germans are the only Europeans who have any and are paying high interest rates to borrow what they do not have.

By Leslie H. Gelb

If you add what the Germans are borrowing to pay their debts to what the Americans are soaking up to pay theirs, and tie that to the fact that Japan is spending more on itself and leading less, there is little money left for others.

But the problem is, as economists let you know, far, far more complex. It runs deep down to the inconvement fact that presidents and prime ministers borrow money to pay their bills because they refuse to raise taxes and reduce spending. If they did so, they would have every expectation of soon becoming former presidents and prime ministers. Such is the gratitude of free peoples everywhere.

Free peoples have a point, however, as other economists explain. For if leaders actually behaved responsibly and increased taxes and cut outlays -but did it too quickly -the effects would be devastating. For instead of pumping money into their econo-mies, they would be taking it out. The result would be a catastrophic

loss of jobs. And as jobless rates grew, leaders would soon find themselves anemployed. (Unless they happened to be ecocomists, in which case they would always be occided to explain Lombard rates central bank interest rates for overnight borrowing — currency ex-change rates, the float and why the Maastricht treaty is more a political document than an economic one.)

I note these ironies and paradoxes not to make light of economists, who must possess the analytical horse-power of nuclear physicists to gener-ate such elegant ironies and paradoxes. I do so, rather, to rejoice in the simpler dilemmas of foreign policy and to contemplate the coming effects of economies on world politics. I start from last week's central message: Westerners are running out

of money, or to put it another way, mighty nations can no longer afford to pay their bills.

This means that world leaders will think poor. They will be less disposed toward distractions like civil wars in Bosnia and the former Soviet Union. Ever more, the meek and weak shall be left to their fates.

President George Bush, it will be remembered, compared himself to Columbus, People laughed, then realized the common bond: Both sailed around the world and finally discovered America. Increasingly, explora-tion and statesmanship will be seen

as Old World extravapance. Already-diminishing military es-tablishments will shrink even more quickly. Soon enough, arms and warriors will be easier to climinate than any other budget item. Thus, on those few occasions where statesmen find the will to intervene, they will begin to lack the means. Nations with arms to sell will sell on willy-nilly to any re

They will be less disposed toward distractions like civil wars in Bosnia, Ever more, the meek and weak shall be left to their fates.

sia has little else to export. Britain. France and the United States will find weapons exports to be the only way to maintain defense industries. To nations with idling aircraft and missile factories, even tranians will come to look like misunderstood spiritualists. Germany and Japan, by virtue of

their economic muscle, will gradually come to play greater military roles. But their emergence will occur even more slowly than expected. The most politically correct leaders will shrink before resistance to financ-ing necessary causes like protecting n forests and harboring refugees. A world without money will be ussty and messy. But worry not, for

with another quarter-point drop in the Lombard rate, it will all work out. The New York Times. Letters intended for publication should be addressed "Letters to the

Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to edizing. We cannot be responsible for the return of unsolicited manuscripts.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Alliance At Risk PARIS - Those who are acquainted

PAKIS — I hose who are acquainted with what is going on in the lobbies of international politics will admit that the Herold is right once more in saying that it is not on the side of Italy that the stability of the Triple Alliance is menaced, but on that of Australia. tria. As is well known, the German party in Austria is still all-powerful.
But can the same be said of Hungary,
and cannot one say it still less of the
numerous Slav elements scattered
throughout the Monarchy?

1917: Ceding Belgium

BERLIN — Public opinion is divided on the question of Belgium, and is stirred by rumors that Germany is on the point of announcing her readiness to waive "her rights" to induce the Allies to discuss peace. The Frankfurter Zeitung protests again of the pan-Germans who "desire the unconditional annexation of all Belgian territory occupied." The Conservative

press is wrathful: "If we surrender Belgium we are lost." The Köbnische Volkszeitung suggests a queer solution: "Germany cannot abandon everything in Belgium, although she is willing to recognize Belgian sovereignty. She should insist upon a lease of all the territory she needs to ensure the freedom of the seas." freedom of the seas."

1942: Munich Ablaze

LONDON — [From our New York edition:] Britain's biggest bombers, four-motored Lancasters which carry 4,000 and 8,000 pound bombs, left the Nazi birthplace city of Munich a mass of spreading flames last night [Sept. 20] after a 30-minute attack climaring a daring foray which carried the Aligh aerial attack deep into the Reich A second force of bombers hammered the German war potential in the Saar Valley. The British acknowledged los-ing ten planes during the night, which on the basis of 5 percent losses in big raids, would mean that about 200 planes made the attacks.

What did George Bush know about the ran-contra affair and when did he know it? 1987. Mr. Bush was saying poblicly he badn't known of their strong objections to the Iran dealings. "He was on the other soop" of the arms-for-hostage Iranian oper-What to Do With Cuba's say that?" What does Mr. Bush say about

Ugly Face? By Stephen S. Rosenfeld WASHINGTON - The col-

W lapse of communism in some places has transformed the nature of American ties with Communist regenes that have survived. Gone is the old premise that Communist governments, however loathsome, have their place and need to be accepted and worked with in some civil manner; this was called "détente." The notion now seeping into thought and policy is that the surviving regimes are not legitimate and lasting and that the point of U.S. policy should not be to get along with them

but to see them out of power.
This is generally a healthy change. Still, there is no denying that it has brought some transitional turbu-lence into American policy toward.

for instance, China and Cuba. With China, the United States has just wiped off the board Ronald Reagan's grave, 10-year-old com-mitment not to arm Taiwan beyond a certain level. Americans who come to the China connection with a deep sense of its value and fragility are stunned at what they and the offended Chinese see as sabotage of "China's great cause of peaceful reunification," in Beijing's words. George Bush, as a former envoy to China, surely knew the scient nature of the arms pledge he was tri-fling with. He made his move in the course of playing political catch-up. The Democrats were hitting him hard for being soft on China's human-rights record. Mr. Bush went

Still, the fundamental reason why Mr. Bush could dare to challenge the Chinese was that the rules have changed. It is not simply that the United States oo longer needs China as a counterweight to the Kremlin. It is that having good relations with a Communist regime, far from being a strategic priority, is increasingly seen as a political and



business to be done with the Beijing regime. But the growing purpose of contact with it is to improve chances of hollowing it out and promoting a democratic turn — by dialogue on rights, trade with the market sector, sharper radio broad-CASTS ROCK SO Off.

Is there not a contradiction between doing business and promot-ing democracy? Yes, but the impli-cation is not that the United States should not try to proceed on both tracks but that it should proceed

intelligently.
With Cuba, debate has been sharpened with the introduction by Representative Robert Torricelli, a New Jersey Democrat, of a "Cuban Democracy Act." In its main provisions it would take advantage of Cuba's abandonment by Moscow by lightening up the U.S. embargo. Originally it was too much (in its reach beyond Cuba) for Mr. Bush. But after Bill Clinton in hot pursuit of the Florida vote, decided to "put the hammer down on Fidel Castro" and embraced it, the president ac-cepted 2 toned-down version.

The Torricelli bill is criticized in some quarters as being imprudently and counterproductively interven-tionist and as foreclosing detente with Cuba. Its interventionist aspect cannot be dismissed: The long and neuralgic history of American intervention in Cuba gives Fidel Castro a nationalist card. U.S. policies have to be measured by their effects and not just on regime flexibility but on citizen welfare. There is room to

But who except Fidel Castro now needs detente? The idea of detente has lost its strategic justification as a softening of the risks of nuclear war. Now detente is little more than a lifeboat for Communist dictators, a means by which they contrive to have their chosen international class enemies spare them an accounting before their oppressed citizens.
Recognizing this fact, some advocates of early normalization with

Cuba turn to claim that American pressure impedes Cuba's "self-de-mocratization." Your response to that will hinge on how open to "self-democratization" you think an un-pressured Fidel Castro is likely to be. An Joter-American Dialogue task force on Cuba chaired by Elinto torte on Chion tannet by ga-liot Richardson, the former Re-publican cabinet official, looks for middle ground: Keep the embargo on until Cuba democratizes but seek to expand contacts that promote peaceful change. Its rigging of incentives differs only marginally from the Bush pattern.

its tone, however, has more than a bit of inter-American waitle. For Cuba's undemocratic status is not merely "anachronistic" but ugly and wrong. It is not Cube's con-tinuing "isolation" that is unnecessary, damaging and perhaps dan-gerous, but Cuba's continuing Communist totalitarianism. Pointcal acts by everyone in the hemisphere can perhaps play a role in the unsteerable process of Mr. Castro's demise. But the crucial act affects one party only, Fidel Castro, and it requires him to leave power.

The Washington Post.

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OPINION

Yugoslavia: Before Sending Troops, Marshal the Arguments

N EW YORK - It seems only yesterday that onventional wisdom was declaring naonalism "outdated." the integration c nations inevitable, and another Eurpean war inconceivable. Yet all thee impossibilities are taking place in Ygoslavia.

The foreign pacy of every Western democracy lacks ategories of thought for dealing with is inconceivable. The for dealing with te income a standard America debate between giv-standard America debate between givman rights doe not really fit the situation in Yugoslaia.

Security would require military intervention if inactin set a precedent that adversely affected long-term American interests, or if i would weaken Ameri-can security directly. Neither condition is met in Yugosavia.

Precedent aplies mostly to regions like the former ovict Union or Africa, where the Weshas no intention or capacity to intervae militarily. As for tra-ditional securit, no NATO nation feels itself threatene enough by events withm Yugoslavia t be willing to undertake ground action zere. They may, however er, discover a common interest in limited and precise increention in situations like Kosovo, opulated by Albanian Muslims, when the conflict, if it breaks out, could becme international.

I have greatympathy for the proposi-tion that the onsciences of democratic societies reque some stand regarding the Bosnian hibarity. But implementation requires careful analysis.

Three concivable goals exist: I) imposing peace and restoring the pre-civil war borders (each republic; 2) putting an end to humn-rights abuses, especially "ethnic cleaning"; 3) preventing a new round of hoslities in such areas as Kosovo that cord lead to international war. The restcation of prewar borders

would reque a large expeditionary force prepard to remain indefinitely and to accer serious casualties. No na-tion capable of affecting Serbian calculations is progred to undertake this.

Putting a end to "ethnic cleansing" and concernation camps should be the moral objetive; preventing an escala-tion of therisis beyond the borders of Yngoslavidhe political goal. This task is difficultenough under the best of circumstares. Up to oow, the democracies' failu to understand the special conditions of Yugoslavia has enabled the Serbia leaders to create one fait accomplifter another.

Yugosivia has always been a largely artificial atity, united only by a superimposed ommon language and by the reciprocahatred of its ethnic groups.
When lazi Germany brought pressure

on Yugdavia in 1940 to facilitate the German avasion of Greece, the largely Serbian eneral staff revolted in refusa The Naz took a terrible revenge, defeating Yugslavia in less than a week, while much of he population of Crostia greeted the rermans as liberators. But the Nazis hd to pay the traditional price of foreign avaders of Serbia - 35 German division failed to subdue the resulting guerrill war. After the war, Tito's forces

By Henry Kissinger

took a terrible revenge on German collaborators and non-Communist opponents, killing tens of thousands. After that blood bath, there was the peace of exhaustion and of the widespread fear of Tito's secret police. After Tito's death in 1980, the Yugoslav state, lacking his totalitarian

rugosiav state, lacking his totalitarian personality and facing the weakening of Communist ideology and of the unifying Soviet threat, began to disintegrate.

None of the Western democracies grasped what history had made inevitable—a civil war in this enlightened age of supraestions from of supranationalism.

Had they believed it possible for history to repeat itself so cruelly, the West-

Those nations willing to act should put forward a political program. If they are unwilling to do this much, there is no basis for negotiation, let alone for military intervention.

ern democracies might have decided at all costs to prevent violence and tried to navigate an evolution toward independence of at least some of the republics.

Instead, the Western democracies, with the best of intentions, made the likely inevitable. At first, they supported a more decentralized version of the unified Yugoslav state, largely because its breakup might have set unwelcome precedents for Spain, France and Brit-ain — each fighting separatist move-ments — let alone for the still unified Soviet Union. The democracies also imagined that, if a loose federal system did not work, autonomy for the repub-lics could evolve into full independence.

Each fanatical side interpreted the democracies' ambiguities as support for its own position. The word "autonomy" en-couraged the constituent republics to speed their independence. The phrase "outdated nationalism" encouraged the Serbs to expect tolerance for their use of force to hold Yugoslavia together. Serbia, which deserved most of the blame for "ethnic cleansing," received another in-intentional boost when the democracies imposed an arms embargo against all parties. This gave a large advantage to the heavily armed Serbs.

Once the blood was in the water, the accumulated hatred of centuries developed its own momentum.

The United Nations might orate aboot the inadmissibility of changing borders by force, but no Balkan people had ever seen them changed in any other way. Serbia had no intention of giving up its age-old aspiration of Greater Serbia. As soon as Croatia declared independence, Serbia occupied one-third of what had been Croatia,

driving out the indigenous population.

The UN cease-fire, negotiated with vast skill by Cyrus Vance, nevertheless had the practical effect of confirming Serbia's conquests. Though theoretically entitled to do so, no Croat would return

to territory technically UN-controlled but in fact still dominated by Serbs. But Mr. Vance's remarkable negotiation saved thousands of lives and, perhaps more crucially for the future, estab-lished a vital precedent. The limit of UN control has established a dividing line across which further Serbian advances can be resisted by the international com-munity if the will for it exists. In short, some political demarcation in Bosnia and elsewhere is the precondition for outside intervention, political or otherwise.

All this was but a prelude to the night-mare awaiting in Bosnia-Herzegovina. Having delayed too long to recognize Croatia and Slovenia, thereby creating a gray area for Serbian intervention, the international community now such as international community now rushed to the recognition of Bosnia-Herzegovina. But Croatia and Slovenia were ethnically definable territories; recognizing hem — even after the Serbian invasion - created a precondition for demarca-

tion lines along ethnic boundaries. Bosnian nationality, on the other hand, was the invention of international lawyers. The republic is an ethnic potpourri. After the Croatian experience, it should have been predictable that recognition of Bosnia would trigger another round of Greater Serbian "ethnic deansing." And the Croatian part of the Bosnian population was highly ambivalent. To forestall Serbian occupation of all of Bosnia, it formally supported inde-pendence. In fact, it preferred partition between Serbs and Croats, leaving a small Muslim enclave.

Tripertite partition was never seriously considered, allegedly because the populations were too mixed together. But the proclamation of Bosnian independence produced the anomaly that the international community was inviting Croats and Serbs, who had just refused to live together in relatively large Yugoslavia, to live together in tiny Bosnia, along with the Muslims, yet another unassimilable minority. Civil war was inevitable.

In retrospect, a determined international community should have tried, before recognition, to establish a UN Trusteeship for Bosnia. A checkerboard cantonal arrangement might have been sought with large areas of self-government for the various communities. Such an arrangement could have established ground rules in the name of which "ethnic cleansing" might have been resisted.
Possibly the various nationalities would have been more willing to coexist if the ssue of ultimate sovereignty had been left in abeyance.

But there was a missing ingredient: the pressures the international community would be prepared to employ. Periodically, the warting Yugoslav parties are called to meet in international forums — now by the European Community, now by the United Nations. Nothing has ever come of these meetings

because Slobodan Milosevic, the Serbi-an president, knows there are oo penalties for noncompliance.

The new negotiation between the par-ties conducted by Mr. Vance and David Owen, former British foreign secretary, has the best conceivable leadership. But the problem must not be dumped on the shoulders of the negotiators and even less on the intractable parties. Those nations willing to act, be they UN, NATO or EC members, should put forward a political program. If they are unwilling to do this much, there is no basis for any serious negotiation, let alone for military intervention.

The program for Bosnia should have three components: UN trusteeship, cantonization and placing all detention camps, of whatever party, under immediate international supervision.

Since these goals will never be accomplished without pressure, the cooperat-ing nations should give a deadline, say 30 days, after which they would lift their arms embargo against any former Yugoslav republic cooperating with their pro-posal, including Bosnia. Simultaneous-ly, the economic sanctions against Serbia should be tightened. Severe eco-nomic penalties should be organized against those of Serbia's neighbors helping it to evade UN sanctions. Nothing less will convince the parties that the outside world means business.

There is much idle talk about military intervention in Bosnia. There is next to no basis for it. Within Bosnia the actual

military contest is nearly over. To reverse the situation, major ground force would be required. Every NATO leader, without exception, has assessed ground operations as being too costly. Nor has any outsider ever managed fully to conquer the area, especially once Serbia was militarily involved. What is most needed is a coherent program to multiply political and economic pressures, and to in-crease the cost to Serbia of continued warfare by removing the arms embargo against victims of Serbian aggression.

There exists, however, a danger not yet overtaken by events for which the preparation of some military response seems essential. The democracies must not miss the boat a third time in areas where "ethnic cleansing" has not yet begun. Kosovo is the most critical. It is perceived by Serbia as the origin of its national and poetic history, though its inhabitants to-day are mostly Albanian Muslims. If "ethnic cleansing" were to start in

Kosovo, the risks of its becoming interna-tional would be grave. Albania has a common border with its compatriots in Kosovo. Turkey is not likely to permit another round of "ethnic cleansing" of Muslims without injecting military assistance. Bulgaria and Greece could become involved, as in previous Balkan wars. Serbia must be given to understand that the world will not tolerate a Balkan war over Kosovo, and that an attempt to

repeat the pattern of Croatia and Bosnia

will make international retaliation

against Serbia itself unavoidable. The

nly way such a threat will be believed is if the United Nations insists on an autonomous status for Kosovo and organizes a joint air and naval command

needs to be replaced; military measures

— if used at all — must be related at agreed political principles. It is dangerous to talk of one-shot bombing raids or of attacking specific targets like bridges or munitions plants unless one knows how far one will go. Otherwise, one runs a grave risk of fulfilling Bismarck's warning: "Woe to the statesman whose argument the property of the statesman whose arguments of the statesman whose arguments are the statesman whose arguments." ments at the end of a war are not as persuasive as they were at the beginning. Los Angeles Times Syndicate.



- if used at all - must be related to charged with developing rules of en-gagement and command structures. But if we want to avoid being faced down again, it is important that a coher-ent strategy be developed first. The hap-hazard round of ad hoc conferences

Born Bad? Seeking the Mysterious Fork in the Road

TO THIS day, I have oo idea what I did for my L two boys that was constructive and useful and right and good, and what damaged them, none." -Beverly Lowry, "Crossed Over."

On the morning of June 13, 1983, Karla Fave Tucker, age 23, helped murder two people. There was a pickax involved. That is what people in Texas

MEANWHILE

remember, that the bodies of Deborah Ruth Thornton and Jerry Lynn Dean were full of pickax holes. That, and the fact that Karla Faye said she got sexual satisfaction every time she swung the pickax. It is not the kind of detail you forget.

Karla Faye is on death row oow, awaiting execution by injection, and she never tries to make excuses for what she did, or to say she didn't do it. The extraordinary book, "Crossed Over," that a novelist named Beverly Lowry has written about the case is not about innocence. It is about redemption, about how one messed up little girl — "a doper at 8, a needle freak behind heroin by the time she was 11" — went straight. Just in time to die.

There is oo mystery, really, in Karla Faye's fall, not when you know her slide. Her mother, a prostitute, passed clients to her sister, who passed them to Karla. "My mother and I were really close," she says.
"We used to share drugs like lipstick." In the beginning they were a middle-class family, with a little vacation house and a boat. Somehow it all unraveled, By Anna Quindlen

No, the central conundrum of the book is not Karla Faye but Peter, Ms. Lowry's own child, whose death at age 18 m an unsolved hit-and-run accident somehow led his mother to seek out the pickax murderess. Karla Faye led the kind of life you associate with sleeping on strange sofas and an early berth in the morgue. And Peter had the kind of life you associate with college and marriage and a house with a yard. But like Karla Faye, like the kids you meet in the

rojects and some of the kids you meet in private schools, too, Peter crossed over and started to go bad. Not bad like Karla Faye, turning tricks in a motel in West Texas a week of every month and skin-popping because she liked the feel of the oeedle going in. Just bad enough so that his mother thought that "maybe there is such a thing as born bad." Just bad enough so that she began to turn over, like a lemon drop sour in her mouth, a parent's deepest fear — that success is random, that we have no idea

what we do that works and what does oot.

I met a woman in a guns-and-drugs housing project once who told me her son was a sophomore in college. "How did you do it?" I asked, and she shrugged. "I got another one upstate," she answered. One in college, one in prison. The luck of the draw. On death row Karla Faye was clean for the first

time since she was a little girl: no heroin, no acid, no pills. She found God, took up aerobics and crochet-

ing, got her high school diploma and began college correspondence courses. "I wondered if you had to go to jail to get calm again," writes Ms. Lowry. From darkness to hope, she says. And implied are her memories of Peter: from hope to darkness.

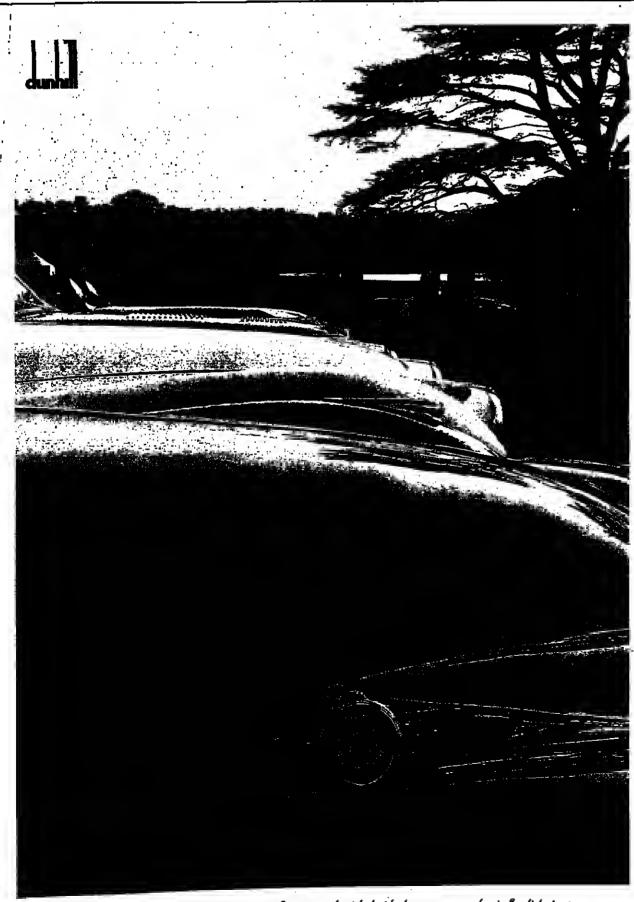
The prosecutor who once considered Karla Fave Tucker the "personification of evil" says she is a new person, lovable, valuable. Even the hrother of one of the victims says he hopes she does not die. There are two Karla Faye Tuckers in this book. One is foulmouthed, wild, high as a kite and tough as cowboy boots. The other is sweet, deeply religious, empathetic and open as a cup.

One may die for what the other did. The case is a wonderful argument for the rehabilitative function of prisons, and against the death penalty. But the story of Karla Faye, and of Peter, too, is about something infinitely more important and mysterious—that fork in the road, visible only in hindsight, at which some go south and others go on.

"How would you feel," Karla Faye Tucker asks
Ms. Lowry from the other side of the Plexiglas in the
visitor's room, "if they found the driver of the truck
that killed Peter and there was a trial and they brought the driver up and said, 'Oh, but he's changed, he's a new person now. See how good he is?" How would you feel?

"I doo't know," Peter's mother finally replies. "I hope I would be generous. I'd like to think I'd be kind. But I have to tell you. I doo't know."

The New York Times.



Sought after since 1898.



ALFRED DUNHILL

Nationalist Ring in a Budapest Broadside Extremists

BUDAPEST — A leader of the center-right soverning party has touched off a storm with a report asserting that the political opposition, liberals, Jews, Western financiers and the press are sabotaging the government's work.

The political leader, Istvan Csurka, a vice

president of the Democratic Forum, published nis analysis last month in the party weekly. The 57-year-old playwright was one of Hungary's most popular writers in the 1970s and '80s and an important figure in the opposition in the Communist era.

Mr. Csurka cited instances of what he considered Jewish and foreign influence over Hungarian affairs, deception by opposition members and wavering by his own party.

Referring to the Communist elite that for-merly ruled, be said, "Consensus is the nomenklatura's newest slogan to stay in power." Many Hungarians interpreted a reference to

"genetic reasons for deterioration" of the councrats, told parliament.

try as an allusion to Gypsies, but Mr. Csurka denied this

Some members of Mr. Csurka's own party condemned his work, with one member likening its message to Nazi ideology. Prime Minister Jozsef Antall, who is also

president of the Democratic Forum, told parhament that he had to distance himself from some ideas in the publication. "Istvan Csurka's political pamphlet," he said, "offers politically harmful and wrong answers, with which neither the government nor I

He singled out Mr. Csurka's comparison of the International Monetary Fund's presence in Hungary to the postwar Soviet Army presence. Opposition members were more blunt.

Forces within the governing party who want to take the country in the direction of Balkan chaos have begun to dictate," Laszlo Kover, a member of the Federation of Young Demo-

Cato's 52

meat

13 Curl the lip

18 Tube light

19 Buccaneer

26 Sky Bear

27 Cattail

26 Spur

29 Impute

32 Spanish

33 Robust

36 Pizza

37 Not any

34 Love god

31 Unsmiling

11 Dizzy

No one can say how much support Mr. Csurka has in his party. The Forum is to hold a congress in November to determine its course, and until then Mr. Csurka and his rivals will be

seeking support.

While there does not appear to be much popular support for the far-right in Hungary now, commentators have said the Csurka study hit a chord of anger in society, appealing in particular to embittered, poor, elderly Hungarians who feel they have gained nothing from the end of communism but rising prices.

Others said it also reached out to the middle class, especially those who feel they have been denied economie opportunity and are sinking

'A lot of people are dissatisfied, because we had promised that they would live better, not that only those who had previously collected the capital could become entrepreneurs," said Istvan Elek, a member of the Democratic Forum's liberal wing.

The Police In Germany

The Associated Press

BERLIN - Several hundred extremists threw rocks and firebombs at the police guarding a home for refugees in the northern German city of Wismar, the authorities said Sunday. It was the sixth consecutive night of disturbances there.

The police said that attacks on homes for asylum-seekers were reported in a dozen other cities in Eastern and Western Germany over the weekend.

Io Senftenberg, 100 kilometers (60 miles) southeast of Berlin, 80 rightist radicals attacked the police station there with stones and firebombs late Saturday. Seven people were taken into custody.

The federal government has said will increase police presence in the economically struggling eastern part of the country to quell the violence, oow in its fifth week.

Interior Minister Rudolf Seiters will seek a legal change that would force asylum-seekers whose applications are denied to leave the country before appealing the decision, a spokesman said Sunday. Authorities say the refugee home

in Wismar, a Baltie coast city, has become the latest focal point for rightist violence. Extremists there battled with about 200 police officers as they tried to attack the refugee home late Saturday.

Chancellor Helmut Kohl condemned attacks on refugees, saying Saturday that such violence was a disgrace for our country."

The government's new plans to confroot the attackers include sending more members of the German border patrol to help local police departments, said a spokesman, Roland Bachmeier. The measures also include estab-

lishing a hot line for reporting oco-Nazi attacks and speeding up trials for accused attackers, In Berlin and in Saarlouis, near

the French border, hundreds of demonstrators took to the streets Saturday to show their support for

Meanwhile, a Frankfurt real estate developer, Ignatz Bubis, on Sunday was elected head of the Central Council of Jews in Germaoy, the nation's main Jewish organization. He said his first goal was to stop the rightist violence. Mr. Bubis said he would also

give priority to helping 15,000 Jews who recently arrived in Germany from Eastern Europe, Mr. Bubis, 65, who was born in what is now Wroclaw, Poland, is a survivor of Nazi labor camps.

AMERICAN the glossiest brochure. About People **TOPICS**

Before Decanting, Tips on Demystifying Tips on buying wine are of-fered by Frank J. Prial, wine columnist for The New York

• "Never buy a case until you've tried a bottle," because "a salesman's pitch or an advertisement — even a friend's enthusiasm — can never replace your own judgment."

· Never shop on Saturday." when "any good wine shop is a madhouse

"Not all wine clerks are ex- "Suspect bargains," because "the wine may have been frozen on a loading pier or forgotten m a sweltering warehouse."

 "Price is rarely a measure of quality," and "a well-made Beaugolais at \$7 is always better than an indifferent Burgundy at \$12"

• "Never panie-shop for wine," because "you might pay too much just to be safe and find yourself saying lamely, The fel-low in the store said we'd love

"There is very little bad wine." Indeed, "all wine is better than it was 25 years ago, even at the lower prices. "Always buy enough," be-cause "guests drink much more

wine at dinner than you might · Be on gnard against caterers," because "catered affairs are notorious for being the dumping grounds for otherwise unsellable

"Likewise mail-order wine," because a reliable wine shop can often offer better bargains than

When a U.S. senator dies, his widow is often named to replace him temporarily. Jocelyn Burdick, wife of Quentin N. Burdick, has been appointed by Governor George Sinner of North Dakota to replace her husband until a new election can be held. Mr. Burdick, a liberal Democrat, died Sept. 8 at 84. Mrs. Burdick, 70, has no political experience and is oot expected to run for the remaining two years of the sixyear term when a special election is held Dec. 7.

Short Takes

Navajo Indian veterans who baffled the Japanese during World War II with an intricate code crafted from their native anguage were honored last week at 50th anniversary ceremonies in Scottsdale, Arizona, Early in the war, after the Japanese had broken several other U.S. codes, Marine officials asked Navajo servicemen to invent a voice code based on their language for close-quarters operations like artillery spotting. Navajo has no words for modern armaments, so plants and animals were substituted. Grenades became potatoes, bombs were eggs. The Japa-nese never broke the code.

Insurance payments for Hurricane Andrew, which devastated South Florida last month, are likely to climb above \$8 billion, The New York Times reports, but insurance companies are expected to take it in stride, The New York Times reports. It's earthquakes that scare them. Hurricanes, for example, don't knock skyscrapers down, but earthquakes can. A giant quake like the one hit San Francisco in 1906 could bring claims of \$40

billion or mole, and could bring "a disruption of insurance markers around the journey."

Raising children far apart in age is a grown trend among parents. Althoug most children are spaced two to four years apart, families p in gaps of seven or even 20 years etween successive siblings are ecoming more common, says I Tony Jurich, professor of maringe and family therapy at Kanss State University. It has to do with the increasing rate of remaining between people who alrely have chil-dren and decide have another child together. that changes child-rearing patters. Brothers and sisters far aprt in age neither squabble nor hum around. An adolescent what pull the baby's hair but my resent having to turn down th TV set when the newborn is naping. Finding a video tape that apeals to both toddler and teenage is difficult, as is resisting the imptation to num the teenager to an automatic babysitter. In the other hand, one woman \$d, "Having a little brother aroud seems to make my older sas want to

Whatever happend to foul-mouthed language a linner par-ties and other for al events. which was almost a rigueur in the 1970s? Henry Aen of The Washington Post thrizes that these days foul langue has lost the power to shock ind seems mercly coarse and old ashioned. The conceit of the lat quartercentury." Mr. Allen vites, "has been that once these virds are in print, there's no gag back.
There is, of course — te Victorians even censored the lible and Shakespeare."

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Senate Votes Troop Cut in Europe

WASHINGTON — The Senate ias voted to cut U.S. forces in Euope to 100,000 by Sept. 30, 1996, out not go below the present target of 150,000 until a year before that, It added the cut to a \$274 billion

lefense authorization bill hy voice

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ready being reduced in Europe as fast as they can be in an orderly way to reach the 150,000 target by Oct. 1, 1995 But he said Congress should set

the goal of 100,000 U.S. troops m Europe a year after that io line with Senator Sam Nunn of Georgia, other U.S. force cuts, though he

To subscribe in Switzerland

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Solution to Puzzle of Sept. 18

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chairman of the Armed Services said the goal could be adjusted any time between now and then Senator Nunn said 100.000 U.S.

troops could carry on most of the present U.S. role in NATO, including maintaining headquarters staffs, the 6th Fleet in the Mediterranean and air and land combat

He said the major role that 100,000 troops could no longer carry on is to maintain in Europe a full U.S. Army corps with all the units

Scotland Yard Replaces Anti-Terrorist Leader

LONDON - Commander George Churchill-Coleman, the head of Scotland Yard's anti-terrorist branch for the last seven years, is to be replaced, it was anoounced Sunday,

The Metropolitan police com-issioner, Sir Peter Imbert, said in statement that Commander Churchill-Coleman would be replaced hy Commander David Tucker, currectly head of the force's crimical intelligeoce

Sight at a spt. 10 Another man'a 12 Mother-of-pearl 23 Famous loch 24 Small change 25 Oriental nanny

D New York Times, edited by Eugene Maleska.

36 Garden area, sometimes 48 Interior 42 Skinflints furnishings 43 Australian city 46 Wear away on Trinity Bay 47 Crippled 44 Crooked 48 Sheep'a cry

52 Thought

50 Premingar or Kruge 51 Go up

53 Precious 56 Aficionado 57 Chin

55 Two-by-two

Roger Wagner, Choral Director, Dies

Los Angeles Times Service Roger Wagner. 78, one of the dominant figures in American choral music, died of cancer Thursday

in his native France. In the mid-1940s, Mr. Wagner then a church organist and choir director — took a handful of Los Angeles singers and shaped them into the Roger Wagner Chorale. For years, the group toured extensively in the United States, made recordings and sang in Europe and Latin America.

With the opening of the Music Center of Los Angeles County two decades later, Mr. Wagner co-founded the larger Los Angeles Master Chorale, It became the resident dent chorale of the oew arts complex, performing with the Los Angeles Philharmonic Orchestra and presenting its own concerts.

He was born in Le Puy, France, Falstaff in Verdi's open of that nd was introduced to music at an name. He was knighted 1969. and was introduced to music at an early age by his father, who was organist of the cathedral in Dijon. His family went to Los Angeles

Sir Geraint Evans, 70, **Noted Operatic Baritone** LONDON (Reuters) - Sir Geraint Evans, 70, one of Britain's

leading opera singers, died early Sunday in Bronglais Hospital in Wales, where he was admitted more than a week ago after a heart attack. The Welsh bantone made his debut at London's Covent Garden in 1948 and won international acclaim during a long career.

He specialized in comic and character parts and was perhaps Ofis S. Freeman, 7

TV Engineering Imvator NEW YORK (NYT) Oris S. Freeman, 71, an imnovar in television engineering who siped de-velop the sports instant play and superimposed letters and raphies. died Thursday in Andersa, South Carolina, where he lived He had had a licart attack recent

Mr. Freeman was the clef engineer at WPIX televisionin New York City for 30 years befee being made head of engineering or the parent Tribune Broadcasig Co. in 1983. He won awards from the National Association of Bredcasters and the New York choter of the National Academy of Felevibest known for his portrayal of ston Arts and Sciences.

An elderly couple left Los Angeles on a surprise visit to their children, who had taken root in various cities around the globe.

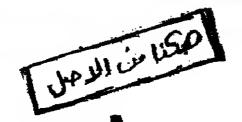
They arrived in Tokyo to find their youngest daughter had just left on a business trip to Singapore. We got them on the next flight out, but they arrived at Singapore immigration without their tickets and passports, which they had left on their plane that was due to take off for London. We rescued their travel documents just in time, and they dashed off to the reunion with their daughter.

In Madrid, the grandchildren wouldn't let them leave, and they fell in love with the Paris of their honeymoon, dallying too long and missing their flight to London. We got them on another flight within the hour, and they had such a good time they're planning to do it all again next year.

(Without the surprises, we bope.)

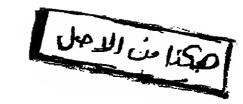
Singapore Airlines Ground Services. We're with you all the way.





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Sadako Ogata showing Radovan Karadzic, leader of Bosnia's Serbs, where to sign the safe-flight pact.

UN Acts to Expel Belgrade Regime

By Paul Lewis New York Times Service UNITED NATIONS, New

the Balkans, the Security Council has taken the first step toward of al of the Security Council and then fectively expelling the truncated that of the General Assembly. Yugoslav state from the General Assembly.

year, which opened last week. China, India and Zimbabwe abstained.

and Montenegro, which still calls and halt the Serbs' campaign of itself Yugoslavia, must reapply for "ethnic cleansing," which has

expulsion by taking a similar step

To be readmitted to the General York — In an effort to force the Belgrade government to cooperate ment of President Slobodan Milowith efforts to end the civil war in sevic and Prime Minister Milan Panic must first obtain the approv-

that of the General Assembly. That procedure means that the United States, Britain and France By a vote of 12 to 0, the council ruled that Belgrade's representative cannot continue to sit in the seat of the former Yugoslav federation at the General Assembly session this Geneva.

ear, which opened last week. China, India and Zimbabwe abstained.

Instead, the federation of Serbia

Instead, the federation of Serbia

Instead in Serbia Serbia irregulars fighting in Bosnia-Herzegoving

UN membership as a new country, as have the other republics that emerged from the disintegration of Yugoslavia.

The council called on the General Assembly to complete Beigrade's participation in the General Assembly to complete Beigrade's participation of its refused. sembly because of its refusal to

"Entering the Grand Lobby was like walking into another world...

> ...ascending the marble staircase merely heightened the sensation."

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UN Plane Lands In Sarajevo on A Test Flight

Compiled by Our Staff From Dispatches SARAJEVO, Bosnia-Herzegovina — A United Nations plane landed in Sarajevo on Sunday to test conditions for resuming aid flights to the city after a three-week interruption.

Sarajevo was relatively calm Sunday after intensive artillery

The United Nations High Commissioner for Refugees, Sadako Ogata, recommended in Geneva on Saturday that flights start again, and a UN spokesman said flights would resume over the next few days if conditions allowed.

A Hirector,

The flights were suspended Sept. 3 after an Italian relief plane was shot down, killing its four crew-

Officials say there is an urgent need to build up supplies for Sara-jevo with the onset of winter now only weeks away.

In Geneva, the leaders of the Serbian, Croatian and Muslim communities in Bosnia-Herzegovina pledged Saturday to protect relief flights.

In Sarajevo on Saturday, Serbian tanks shelled the 20-story parliament building, setting five or six floors ablaze. On Sunday, several people attending a funeral at a cemetery here were wounded when two mortar shells exploded nearby, witnesses said. (AFP, Reuters)

U.S. Contradictions Strain Mideast Ties

By Jackson Diehl

Washington Paul Service
WASHINGTON — The contrast between U.S. support for military measures against Iraq and American reluctance to use similar force in Yugoslavia is causing strains in Washington's alliances with Turkey, Egypt and other key allies in the Middle East, ac-

cording to Arab diplomats and U.S. officials.
Turkey and Egypt have complained to the
United States at senior levels about what they see as a "double standard." While U.S. warplanes are being used to enforce a "no-fly" zone in southern Iraq for the protection of Shiites there, U.S. officials continue to op-pose using Western ground troops to stop aggression by Serbs against Bosnian Muslims, officials say,

Both countries have declined to support actively the recent U.S. military initiative in Iraq, though they were key participants in the international military coalition that drove

Iraqi forces out of Kuwait last year.
The Turkish government of Prime Minister
Suleyman Demirel has allowed U.S. planes to use its Incirlik air base to protect Kurds in northern Iraq, but it has made clear that it will not allow other operations from the base, either to maintain the new no-fly zone in the south or to attack targets in Baghdad if war

starts, diplomats say.

Turkey's foreign minister, Hikmet Ceti, told Turkish radio recently that the West's inaction in Bosnia-Herzegovina was "unacceptable" and made it difficult for him to explain to critics why Turkey should support

Western policy on Iraq.
President Hosni Mubarak of Egypt also

cited the lack of action in Bosnia in explaining to U.S. and Arab officials why his country would not take an active role in the Iraqi south, diplomatic sources say.

In contrast, both Turkey and Egypt have indicated that they would supply troops for a UN-orchestrated intervention in Bosnia that would go beyond the current mission of deliv-ering and protecting humanitarian supplies.

Diplomats and U.S. officials say other Arab countries, including Saudia Arabia and Jordan, have also pointed out the contrast in U.S. policies, though Saudia Arabia and other Gulf states have actively supported the no-fly zone in southern Iraq. Diplomats say Sandi concern about Bosnia has been shown through a \$50 million airlift of relief supplies mounted by the kingdom.

U.S. officials say that the Turkish and Arab discontent has not weakened the coalition against the Iraqi regime of Saddam Hus-sein, adding that Turkey and Egypt remain committed to the coalition.

Nevertheless, officials concede that the complaints they are hearing are part of what is becoming a growing problem in the post-Cold War world: how the United States as well as institutions like the United Nations can appear consistent in dealing with regional crises and ethnic wars erupting in various parts of the world — or how, at least, to prevent a judicious choice of inaction in one region from hamstringing a decision to move

Turkish and Arab frustration with the situation in Bosnia has compounded concerns that U.S. policy toward Iraq, with its empha-sis on shielding both Kurds in the north and

Shiites in the south, is risking the breakup of the country into three separate states. Both Turkey and most Arab governments see that

prospect as catastrophic.

The Bush administration has repeatedly sought to assure its allies that it has no

intention of dismembering Iraq.

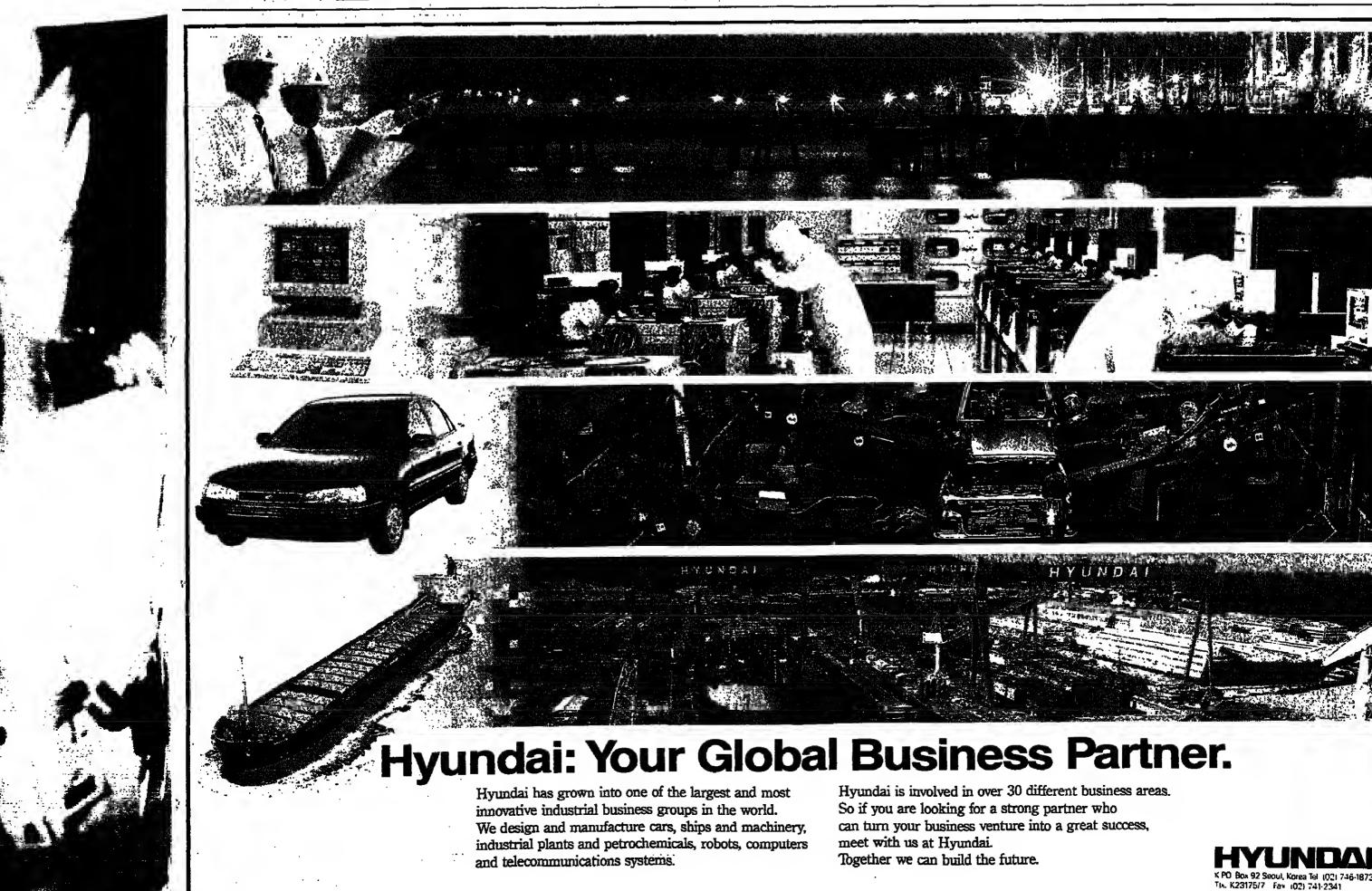
The confluence of policies is particularly troubling for Turkey. Both in and outside the country, politicians and analysts point to the political and economic dislocations that could be caused in Turkey by Serbia's campaigns against Muslim populations near Tur-key's borders, as well as the growth of an increasingly independent Kurdish entity in northern Iraq at a time when Turkey is fighting a bloody war against Kurdish separatists inside its own borders.

The analysts argue that Western policies toward Iraq and the Balkans risk destabilizing Turkey, a NATO member as well as the only predominantly Muslim state in the Mideast to embrace democracy.

The problem for the West is helping maintain Turkish economic and political stability," said Morton L. Abramowitz, president of the Carnegie Endowment for Interna-tional Peace and a former ambassador to

"We can roil Turkish political waters to the extent we are not sensitive." From this point of view, he added, U.S. policies in Iraq and Bosnia "certainly are very negative factors, no question about it."

For now, however, the Demirel government, which remains eager to integrate Turkey with the European Community, does not appear close to breaking with Western policy on Iraq or the Balkans.



GULF: Schwarzkopf Book Says White House 'Hawks' Pressed Land War

inside account of his role in key decisions.

Excerpts from the book, expected to be published next month, are circulating among military officials, and the text has been obtained by The New York Times. It is stirring controversy among officials who dispute text of the starting controversy among officials who dispute some of the ac-counts and say the general is too quick to take credit for the war's successes while assigning blame to subordinates for the shortcomings.

The book is also notable for the charges it does not make about the most sharply debated aspect of the war - whether the ground offensive ended too soon.

A month after the war ended, when it had become apparent that a significant part of the Iraqi Republican Guard had escaped, General Schwarzkopf said in a television interview with David Frost that be had recommended that U.S. forces "continue the march" but that Mr. Bush had instead ordered a cease-fire.

Mr. Bush and Defense Secretary Dick Cheney publicly rebuked the general, saying there was total agreement on when the war should be

In his book, General Schwarzkopf asserts that he had no objection to ending the ground war at 100 hours. The 100-hour figure, he writes, was picked by administration officials in Washington, who "really knew how to package an historic event."

Reacting to General Schwarzkopf's complaint about the rush to the land war, top administration officials acknowledged in interviews that they pressed him to speed up his military preparations, which had fallen behind schedule. But they say the general was not sufficiently sensitive to the pressure they faced in trying to hold the anti-Iraq coalition together and that he naively put too much stock in Moscow's negotiating efforts.

Among the other disclosures in the book are

these:

Though generally supportive of the American decision to confront Iraq, some Saudi officials became "ambivalent" about opening an attack against Iraqi forces as war approached. After the Saudi commander, Prince Khalid ibn Sultan Saud, said it might be better to stage the offensive from bases in Turkey, General Schwarzkopf had an angry confrontation with

 General Schwarzkopf severely criticized one of his senior officers, General Fred Franks. commander of the army's 7th Corps, assigned the mission of attacking the Republican Guard. accusing him of conducting a plodding attack. This was vigorously disputed by a senior officer under General Franks, who asserted that General Schwarzkopf was looking for a scapegoat because much of the Republican Guard es-

 After the Iraqis seized the Saudi town of Khalji. King Fahd wanted the military to send bombers to destroy the city, preferring to sacri-fice it rather than allow Iraqi forces to remain overnight. General Schwarzkopf talked him out

• In an effort to keep Israel out of the war, the administration let fsrael submit a list of targets in Iraq for American aircraft to strike. General Schwarzkopf's acerbic criticism of National Security Council and White House "hawks" challenges the administration's assertion that it took a hands-off approach toward the military's conduct of the war.

Although general does not name the "White House hawks," it is clear that he is referring to Brent Scowcroft, the national security adviser, and Robert M. Gates, the former deputy national security adviser who now heads the CIA.

The increasing pressure to launch the ground war early was making me crazy." General Schwarzkopf wrote. "There had to be a contingent of hawks in Washington who did not want to stop until we'd punished Saddam. We'd been bombing Iraq for more than a month, but that wasn't good enough. These were guys who had seen John Wayne in 'The Green Berets, they'd seen 'Rambo,' they'd seen Patton,' and it was very easy for them to pound their desks and say: By God, we've got to go in there... Gotta punish that son of a bitch! Of course, none of them was going to get shot at." Administration officials acknowledged that White House officials wanted the military to

speed up its war preparations. But some officials asserted that the book indicated that the general had an overly benign view of Moscow's motivations in its diplomatic efforts and did not fully appreciate the difficulty of holding the coalition together.

Another top administration official who dis-puted the general's analysis said, alluding to the Soviet Union's diplomatic efforts, "To have allowed Saddam an orderly retreat would have enabled him to preserve his army and assert the invincibility of his forces.

"The implication of General Schwarzkopf's remarks is that only people who go into combat can make the decisions. He does not seem to understand that in our system the burden of decision is placed on civilians."

Among the most compelling episodes is a shouting match by telephone with General Powell over setting a date for the ground war. General Schwarzkopf raised the possibility of delaying the ground war because of bad weath-

After General Powell indicated that the White House was unwilling to delay the ground offensive, General Schwarzkopf complained that lives would be lost.

General Powell accused General Schwarzkopf of patronizing him and suggested that be was "putting on a big show" in front of his officers by charging that Washington was guilty of "political expediency" in wanting to proceed with the ground war. General Schwarzkopf insisted that he was being loyal to General Powell but confessed that he was under tremendant

"Sometimes I feel like I'm in a vise — like my head is being squeezed in a vise." he exclaimed to General Powell. "Maybe I'm losing it." General Powell, according to this account, sought to calm him down, saying he had full confidence

The dispute over the ground war date was resolved, General Schwarzkopf says, when the weather forecasters predicted better weather, has no inspector-general, and a Joint Inspection Unit based in Geand he told General Powell that he would attack on Feb. 24, 1991, as planned.

Floridians Fight Hurricane Shell Shock

By Joseph B. Treaster
New York Times Service

MIAMI — Four weeks after a hurricane tore much of southern Dade County into shards of debris, mental-health experts are measuring its inner toll. They say that the storm delivered the kind of jolt rarely experienced off the bartlefield, that they think thousands of people are suffering symptoms similar to those endured by Vietnam veterans and that some are taking out their aggressions on those closest to them.

Calls for help to the Domestic Violence Hotline in Miami have more than doubled, to about 100 a day, and Judge Cindy Lederman of the Dade County Circuit Court said that about 20 women have been applying daily for police protection from husbands or companions, up from an average of fewer than 10 a

Of course, most Floridians have not resorted to violence. And other indicators of stress, like child abuse, murder and suicide, seem

unchanged. But experts say the hurricane designated Andrew has harmed almost everyone in the region in some way.

Even those whose homes and possession suffered little or no damage have seen the results on television and felt the pain. Yolanda Caicedo had only a couple of shutters ripped off her waterfront apartment in North Bay Village, but she has been waking up in the night, terrified and drenched in sweat. "In my dream everybody is sleeping out in the open, all mixed together," she said, "and the

rain is pouring down on us." Anita Bock, an executive in the state's social services agency, has been waking up in a panic several times a night. Victoria and Michael Hayes, who publish newsletters, have suddenly started yelling at each other over such things as whose turn it is to take care of their cocker spaniel. For a while, Buck Collison, 69, an out-of-work bartender, could not remember what kind of car he owned.

For most of the two million people in the

region, mental-health experts say, the shock, mourning and grief will be phenomenous that gradually fade.

But Charles Gibbs, who is coordinating the work of volunteer mental-health specialists with the Red Cross, estimated that perhaps 25,000 people will suffer lingering psycholog-

No previously healthy person has been placed in a mental hospital because of the storm, said Randy Wilcox, the acting head of Florida's mental-health programs, and few of the roughly 40,000 people in the area who regularly receive mental-health services from

the state have taken a turn for the worse. But Mr. Wilcox said the state was gearing up in anticipation that the conditions of thousands of regular mental-health patients would deteriorate and that many others would seek treatment. Washington has provided \$3.6 million in emergency financing for mental health; Florida is asking for about \$22

UN: Organization Strangling on Too Many People and Too Much Paper

Social Council in Geneva in the summer, often produce little more than talk and a break from New York weather. Years of negotiation are invested in such endeavors as drafting a "code of conduct" for

transnational corporations, without tangible result. agencies and other top officials opcrate with few checks and balances in the absence of any standards for gement. The system currently

what former Undersecretary-Gen-eral Brian Urquhart calls "an enor-

mous ramshackle structure" and "a most astonishing consoction."
In ways that reform advocates find both absurd and infuriating. • The heads of specialized UN the UN system appears to have gencies and other top officials opprograms and activities have be-come redundant or irrelevant.

Their main beneficiaries often are

the bureaucrats they employ.

The United Nations, its internal

neva is made up mostly of retired diplomats.

These examples characterize a Critics say, has been self-protecting and self-perpetuating, rather than self-policing, it has proved largely un system that has grown into incapable of setting priorities, evaluations. uating program results or climinat-ing useless make-work. Budgets are opaque and auditing inadequate. Many entities have overlapping functions, but efforts to coordinate

them have largely failed.
"There's a hell of a lot of shocking things going on," said Rakiya
Omaar, the Somali executive director of the human rights group Africa Watch, which is demanding an investigation of alkeged mismanagement and graft in UN famine relief efforts. "I think there's a numerous irregularities and "weak" great deal of incompetence, there's internal controls" at UN headquar-

Ghali, who has promoted reform A 136-page report on the UN headmeasures since taking office for a five-year term in January, declined to be interviewed for this series. In an interview published last month in the London-based Arabic newspaper Asharq al Awsat, however, he said he was battling his own staff in trying to implement unpop-ular reforms and "restore discipline in an organization where the negli-gence and fragmentation are wide-

Describing a recent trip to the Geneva offices of what he called the far-flung UN "empire," he said: "I went there, and I was at-tacked. There are thousands of staff. Half of them do not work. 1 decided to launch a reorganization

fiefdoms like amocrats, answering to no one. Regional mafias of UN personnel resources." voritism in hiring and promotions. Recipient governments also rou-tinely plunder UN programs, di-verting aid from intended benefi-

from UN agencies. Ronald L Spiers, an American who served as a UN undersecre-UN's problems to a shortage of

tion run largely by diplomats.

There has never been efficient nagement," he said, Of the six UN secretaries-general so far, none has been management-oriented. They have been politically

In addition to its high-profile peacekeeping and political func-tions, the United Nations plays an essential role in setting global norms governing such fields as shipping, telecommunications and civil aviation. The issues of reform and accountability examined in this series, however, stem largely from a part of the system that gets little public scrusiny even as it cats up the great bulk of UN resources: the economic, social and humani-tarian programs aimed at development, emergency relief and "better standards of life" around the world in accordance with the UN Char-

Clearly, the United Nations canploys many hard-working and ide-alistic people. But there are wide-spread complaints of nneven workloads and poor deployment of manpower. Parts of the system are overstaffed and lethargic, while others, particularly field offices in

others, particularly field offices in umpleasant places, are understaffed and overworked.

"There's such a bad distribution of the workloads in the UN system," a Rome-based UN official said. "The bulk of the work is done by perhaps one-third of the employees."

Local employees tend to bear the brunt of disciplinary action, such as criminal proceedings, when fraud or other abuses are discovered, while erring international professional staffers often survive and even advance in the organiza-tion. At the same time, UN employees who complain about irreg-ularities have found themselves blocked from promotion or forced to transfer to other jobs.

It is a system that tends to cover

up its abuses and discourage whisthe blowers. Most UN employees who spoke on these issues did so on condition of anonymity for fear of mining their careers.

Many expressed concern that disclosing waste and frand could jeoperdize funding from donors and ultimately hurt the people that the agencies are trying to help. But sources both inside and outside the UN system generally agreed that reform is imperative.
UN officials who advocate a

cleaning in their ranks say that management by the heads of agencies and other top officials has been mept and, occasionally, corrupt. There is no supervision of any agency on a weekly or monthly basis as you have in a government,"

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In a statement to a UN financial committee last year, the Umted States expressed grave concern over "the seriousness and number of cases of fraud and presumptive fraud" in the office of the UN High Commissioner for Refugees, or UNHCR "Large amounts have been embezzled by UNHCR staff," the statement said.

In reports being released this

a lot of corruption, and there's no accountability."

Secretary-General Butros Butros

and indictment of UN management. quarters and a dozen field offices enumerates irregularities or deficiencies in hiring, cash and property management, internal audits and purchases of everything from pro-ject equipment to airline tickets. Many anomalies reported by au-

ditors "appear to be recurring" and point to a "lack of determination to enforce regulations and rules and make the heads of units of the orga-nization accountable," the report

A recent confidential internal paper circulating in the UN Development Program, the system's main coordinating and funding agency for technical assistance, put the problem more bluntly. Citing "a deplorable vacuum of basic eth-Despite broad agreement on the ics" in the system, it noted wide-need for reform, abuses within the spread criticism of "prolific strucorganization persist and often go tures, pompous-Byzantine unpunished. The chiefs of some anathindes of ranking officials, opertonomous UN agencies rule their ational inefficiency" and "gross fiefdoms like autocrats, answering mismanagement of financial and

bureaucrass have taken root, con-solidating their power through fadevelopment agency's staffers or programs that totaled millions of dollars in pilfered funds.

For years, the East-West conflict ciaries with little remonstration effectively blocked fundamental UN reforms. As a result, the system grew steadily more unwieldy. Now. the expanding UN role in the world tary-general, attributes many of the and greater demands on its resources have given reform efforts

"The United Nations has to reform itself to be appropriate to new challenges," Foreign Minister An-drei V. Kozyrev of Russia said in an interview. "Yes, the East-West confrontation was the major stum-bling block, but when it is removed, other problems remain.

Founded by 50 countries in 1945, the United Nations currently has 179 members. Initially it employed about 1,500 people. Now the UN system — excluding the UN-related World Bank, International Monetary Fund and regional development banks - counts more than \$1,600 employees around the world, nearly 14,000 of them are attached to the New York-based Secretariat and its dependencies. In addition, at least 9,600 consultants were employed by UN agencies in 1991, the last period for which fig-

ures are available. Total spending by the UN sys-tem for the two-year period ending in 1991, including voluntary funds and peacekeeping operations, came to nearly \$15.6 billion, of which the United States contributed about \$2.6 billion. Since the first UN session in 1946, the United States has poured more than \$20.3 billion into he system, making it by far the largest contributor.

At present, the U.S. share of UN ed budgets is 25 percent, double that of the next-largest single contributor, Japan, which is as-sessed 12.45 percent. At present, 44 percent of member states pay the minimum assessment of one-hundredth of I percent, and the shares of 16 new members have yet to be

A perennial problem for the U.S. government has been that, since regular budgets of the UN Secretariat are approved by a two-thirds majority of the General Assembly, countries that collectively pay less than 2 recent of the General Assembly, than 2 percent of assessments historically have had enough votes to control passage of budgets. And since the poorer countries are the main beneficiaries of UN spending, it has been in their interest to have more organizations, more programs and growing expendi-

The United States, on the other hand, traditionally has been the strongest critic of wasteful UN spending much of which inevitably comes out of the pockets of American taxpayers.

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According to UN budget offi-cials, at least 70 percent of the Secretariat's regular, assessed budget, which stands at \$2.4 billion for 1992-93, pays for salaries and other

NEXT: Abuses in Africa

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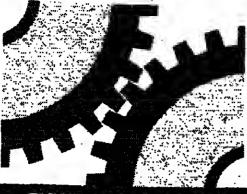
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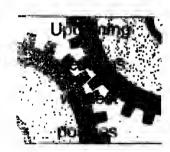
Economies / The Challenges of Transition

Amid the Storms, Some Sunshine

With fierce speculative winds buffeting the European exchange-rate mech-anism, the Nordic countries have not remained out of the storm. They have been making their own share of financial headlines as they struggle to cope with one of the heaviest bouts of recession since 1945. But there are reasons for optimism if their politicians can continue to stick to the tough monetary and fiscal policies necessary to regain investor confidence.

Amid the ambivalence recently shown in the European Community toward the adoption of the Maastricht treety, the Nordic countries have had an ace in the hole - the European Free Trede Association agreement with the EC. The EC-EFTA link will come into effect January 1, 1993 and will create e free-trade zone of 380 million people, without the common foreign policy end currency aspects that have begun to concern many EC voters.

Of the four Nordic countries, only Denmark Is currently a member of the EC. Finland and Sweden have presented formal applications, while Norway is still uncertain about whether to join. Yet Finland, Sweden



and Norway are all members of EFTA, and the EC-EFTA egreement hes meant the acceptance of good many EC laws. In this way, the non-EC Nordic countries have been indirectly grooming themselves for EC membership for

For example, with Denmark showing the way, the Nordic countries have become champions of low inflation, e vital EC membership ingredient. All four countries boast infletion levels now between 2 percent and 3 percent, putting them comfortably below the OECD average.

Sweden's new budget is aimed at keeping inflation low and bringing down unit labor costs, which would encourage export-led growth. The government plans to bring down govemment expenditure sub-stantially with 20 billion Swedish kronor (\$3.8 billion) in cuts projected over the next three years. Sweden has also joined

the league of corporate tax cutters, having stashed corporate tax levels from as high as 57 percent to 30 percent. There are plans next year to bring levels even lower, to as little as 25 percent. Value-added tax rates will come down from 25 percent to 22 percent, which should lighten the burden on households and bring Swedish value-added tax levels closer into line with EC levels.

The tax reductions aimed at wooing foreign investors coincide with e privatization scheme of 35 state-run companies, abolishing restrictions on foreign ownership of Swedish companies and the removal of the tax on shere dealings. The

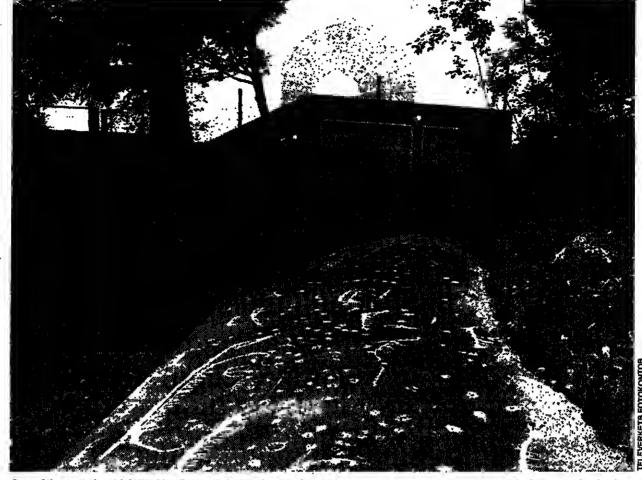
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package is also expected to contain e new 6.5 billion krona venture capital fund for small to medium-sized companies. Martin Haag, European affairs expert at the Foreign Ministry, says, "Industry here has been lobbying for international integration for many, many vears." It is too early to say how well the new regime will work, but Tetra Laval, the multinational best known for its cartons, has already moved its headquarters back from Switzerland. Meanwhile, Sweden Is promoting forward-thinking regional development in the southern Oresund area.

As for Finland, the Parisbased Organization for **Economic Cooperation and** Development forecast e 3.3 percent increase in GDP in 1993, - particularly favorable given the past two years of economic contraction as trade with the former Soviet Union collapsed. Rules preventing for-eigners from owning more

than 20 percent of voting rights or 40 percent of equity in a Finnish company without official state authorization are expected to be abolished next year. Another significant stumbling block to foreign Investment, the difference between free and restricted shares, is also expected to come to an end; at present only 12 percent of shares traded in Helsinki are free. As a result of these radical liberalizations, combined with Finland's long experience in trade with the former Soviet On, which is now in hig demand, new foreign investment in the country is projected to reach as high as 16 billion Finnish markka (\$3.67 billion).

In contrast to its neighbors, Norway has had the advantage of oil money to support fiscal expansion to soak up unemployment. The new budget has, however, tried to introduce real incentives by cutting taxes on oil and boosting the supply of risk capital by raising the ceiling for the amount



One of the ways in which the Nordic countries are integrating their economies into the rest of Europe is through privatization. Swedish Telecom, whose satellite station is shown here next to ancient rock carvings, is one company being put up for sale.

the wealthy social state security fund, Folketrygfond, can spend on Norwegian shares. An estimated 10 billion krone (\$1.7 billion) increase in funds available for equity investments will be injected into the market by this change.

The crucial element in the present recovery is the determination of the Nordic governments to stick to their anti-Inflation, low-deficit guns. There are strong pressures to waver because of rising unemployment expenditures would give e temporary glow to these cold economies. With local elections starting in October in Finland, Norwegian elections scheduled in 1993 and Sweden's for the following year, the temptation to loosen the reins on government spending is

strong. With the exception of Denmark, which got started on its economic reform earlier than its Nordic neighbors and has had the benefit of being linked to the European exchange-rate mechanism, the other Nordic countries have been facing serious economic challenges,

Sweden, the traditional success story of Scandina-via, boasting Industrial giants such as Volvo and Electrolux, has been grappling with one of its most severe recessions since the 1920s. Unemployment, 2.7 percent in 1991, is forecast to reach 4.5 percent by

The Europ uproar of this month has caused the Swedish central bank to push up its marginal lending rate to astronomical levels - 20 percent, 75 percent and even 500 percent - in order to defend the krona. Finland, for its part, gave up the markka's fixed tie to the Ecu and allowed it to float, e strategy the Bank of England soon

found itself forced to follow. Sweden's dogged determination to defend the krona will probably be taken as e positive sign by the international financial community. The 8 billion Ecu (\$5.8 billion) syndicated loan announced September 11 has been successfully underwritten in spite of upset in the country's financial markets. Some 25 banks are participating, from Sweden, Switzerland, Germany and Britain as well as Japan and

Like Sweden, both Finland and Norway have had

the United States.

to implement some tough measures to boost their economies. Finnish GDP saw a fall of 6 percent in 1991, and unemployment has soared to double-digit levels. Norway has seen e six-year-long softening of the financial sector, which has forced the government to step in repeatedly with billion-krone rescue pack-

> Last summer, the col-Continued on Page 11

Denmark / Scandinavia's EC member

Reaping Benefits Of Tough Policies

ly stronger today than it has been for the last 20 years. Tight monetary and fiscal policies have lifted the economy out of a chronic balance of payments deficit dating back to the 1970s. it would be untrue to say

NORDIC COUNTRIES

that the Danish vote against the European Community's Maastricht treaty has not made some foreign and lohave not experienced any radical changes in foreign investor attitudes to Denmark after the June referendum, but that is probably because the economy is strong and the fundamental good reasons for investing in Denmark heve not changed," says Joergen Tranberg of the Danish Foreign Ministry's Investment Secretariat. The Secretariat has not let up on efforts to draw attention to Denmark's advantages, particularly in the high-technology sector. The campaign. which was initially directed at the United States and Japan, is now going to be enlarged to take in West European countries starting in

Today, the Danes boast one of the lowest inflation levels in the world, estrong currency and steady export-led growth. The balance of payments surplus has hit record levels, with the latest figures from the Danish National Bureau of Statistics showing a surplus of 23.7 billion Danish kroner (\$4.15 billion) In the past 12 months - nearly

plus from the year before. Most of these gains have been made through aggressive exports of goods and services; imports, in contrast, heve stabilized. Denmark has also managed to ride out the worst of the currency speculation storm created by the strong German mark. While investor confidence dipped dra-



matically for Finland, Sweden and Norway, forcing drastic interest rate hikes, Investor faith in the fundamental strength of the Danish krone, with its stabilizing link to the European exchange-rate mechanism, has allowed the Danes to escape with less dramatic adjustments. The Danish central bank has so far managed to support the krone against exchange-

rate pressure. The Danish economy has reaped significant benefits from EC membership; Danish agriculture in particular has made net gains from Community farming subsidies. But credit must also

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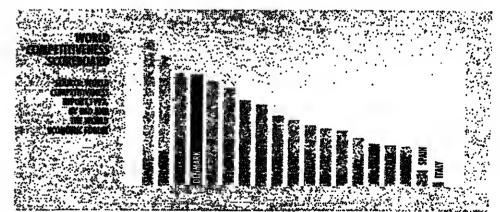
Continued on Page 11

INVESTMENT

DENMARK ON TOP



Denmark: mumber one ut business confidence



One of the world's most competitive nations

> Business opinion about Denmark is changing, In 1992, the nation again improved its standing on the Executive Opinion Scoreboard of The World Competitiveness Report, moving from 4th to 1st place.

At the same time, it jumped from an 8th to a 4th place ranking on the Report's World Competitiveness Scoreboard.

Business confidence in the nation's future and in Denmark's ability to compete internationally is based on solid economic evidence - and geography.

Consider the economic

A strong economy

picture. Denmark now has: ☐ The lowest inflation rate in Europe: approximately 2%

☐ A substantial and growing surplus in its balance of trade: more than 6% of

below those of other

European countries A 3% growth rate in labor productivity

A strong, stable currency lied to the EMS One of the lowest effective corporate tax rates in

Europe [] A reassuring economic outlook. For 1993, the

OECD projects growth of 2.9% in GDP.

A central location Denmark is also strategically located. It provides efficient access to the European Community, Scandinavia and

the Baltic basin.

Foreign-owned companies can take advantage of Denmark's location thanks to a well-developed infrastructure geared to international distribution, Indeed, over 2,000 firms are doing so right now, and the pace of direct foreign investment has increased markedly in recent years.

Denmark is on top. Wouldn't you like to be, 100? For more information please contact one of the

offices listed below or the Danish Emhassy/Consulate General in your country.

For more information: in Japane Royal Danish Embara, Tokyol (1498-2001) in the United Statest Royal Danish Embaray, Washington, D.C. (2021/24-1901) Royal Danish Consultate General New York (212/222-1935) Cliniago (1927/26-270) Law Augules (213/2002)* United Kingdoms Royal Danish Embaray, 55 Shame Street, London SW17, 9SR, Teb 71-333-0200, Page 71-333-0

A solid partner

Kvaerner a.s is Norway's largest privately-owned commercial enterprise with some 100 production and sales companies operating in more than 50 countries worldwide. Total group operating revenue was NKr. 18.65 billion (£1.65 million). Operating profit was NKr 1,035 million (£91,6 million)

Kvaerner has 19,000 employees - 10,000 of them outside Norway in such countries as the UK, Sweden, Finland, Glbraltar, Canada, Singapore, Spain end Brazil where Kvaerner has e production presence.

Kvaerner has five core business areas in which it ranks among the world leaders. These are shipbuilding; offshore design and construction; pulping technology; shipping and mechanical engineering.

Kvaerner is Europe's largest commercial shipbuilder and the fifth largest in the world in compensated gross tonnage specialises in high quality vessels cruise Ilners, chemical tankers, gas carriers, refrigerated carriers, icebreakers and catamarans. Shipbuilding accounted for 50 percent of Kvaerner's total operating revenues in 1991.

Kvaerner is a proven and experienced bullder of large platforms and modules for offshore oil and gas production. With its International subsidiaries It aims to become one of the world's leading suppliers of offshore services.

Kvaerner has e major share of the world market for wood pulping equipment and machinery for the pulp and paper Industry.

Kvaerner operates the world's largest fleet of medium-sized carriers for liquefied petroleum gas. It is expanding its involvement in shipping fruit, meat and other perishables.

Kvaerner is a dominant force in world energy generation. It is e major supplier of equipment for hydropower and gas-fired power stations.

Kvaerner is a solid partner for industry worldwide

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KVÆRNER

A Property of the Park

NORDIC COUNTRIES

Finland / Reorienting the Economy

About-Face in Trading Forces Change

Finland published in August by the Organization for Economic Cooperation and Development predicted a recovery from the country's current economic slump in the last halt of 1992. GDP growth was forecast at 3.3 percent in 1993 as increased productivity led to better cost competitiveness and export performance.

These predictions, however, are already regarded as overly optimistic following the government's announcement earlier this month that it would untie the markka from the Ecu and let it float freely. The currency immediately lost 15 percent of its value, after having already been devalued by 12 percent last No-

Finland's GDP shrank 6 percent last year and is predicted to decline another 1.5 percent this year. Unemployment is over 15 percent. The government has not been able to reflate the economy because the international payments account is deeply in deficit, total foreign debt is already

Nonetheless, there are reasons for the international community to be interested in the country's prospects. The Finns, tollowing

Deregulation of spares expected x - CO in January

Sweden's example, applied for membership in the European Community in March. Even before negotiations get under way, Finland is opening its economy in line with the EC-EFTA agreement on a European Economic Area.

Ownership of Finnish shares, now trading at extremely low prices, is due to be deregulated next January. Until now, most companies have restricted the

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proportion of their equity that can be held in toreign hands to 20 percent, Foreign purchase of Finnish real estate will also be eased

The government wants to retain a discretionary right to bar foreign takeover of one of the nation's 120 largest companies if the change in ownership would endanger an important national interest, but the Ministry of Trade and Industry says this is unlikely to be invokad.

Another upcoming retorm concerns taxation of interest and dividends. If the government's proposals go ahead, all capital income will be taxed at a flat rate of 25 percent, making the country e more attractive business base.

Without the prospect of an economic recovery, however, these measures may not be enough to lure toreign investors. The financial sector has not been a drawing cerd; credit losses are straining all Finnish benking groups and some would already have perished without state aid. Bank shares have fallen more than 65 percent in price this year.

Until recently, the economy had been performing well. Finland industrialized rapidly in the 1920s and '30s, and completed Its transformation Into an urban welfare society in the '60s and '70s. The Soviets bought its ships and machines and the West its forest products, particularly

In 1990, the Finnish economic engine ground to a halt. The present slump is uniquely eevere in Finland'e history, and remarkable for any Western economy. It has been brought on by a number of factors, some foreign-made, some homegrown.

The main external factor was the breakup of the Soviet Union and, even before that, the slump in its foreign trede. Throughout the 1980s the Soviet Union was Finland's most Important trading partner, at one time ports. The loss of this market forced a major structural adjustment on the economy.

Unfortunately, the West went into recession soon atter, hitting Finnish engineering companies when they were already down. Prices of paper and pulp also fell because of global oversupply.

Added to these difficulties were internal factors one being excessive specialization. Forest products and engineering accounted for 81 percent of exports last year. The fall of the dollar has meant that U.S. and Canadian pulp and paper companies have been able to increase their market

There has been an immense transfer of funds to tarming, a challenging business in this hersh northern climate. Most of the Western world exercises some form of agricultural protectionism, but Finlend's is extensive and costs the country 4 percent of its GNP each year. This has left scant state funds available for nurturing new

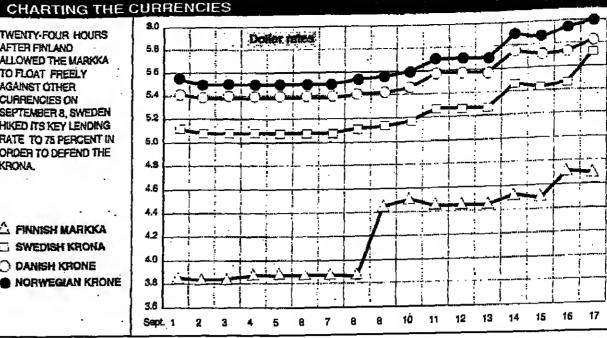
Some political observers see a second reason for the severity of the present crisis: e disregard for the im-portance of economic incentives. Key sectors of the economy ere insulated from toreign competition and dominated by a small number of local companies. New antitrust legislation, which came into force this year, may help to remedy this.

The labor market is another concern; the strength ot Finnish unions is founded in law. National wage agreements between an employers' association and a labor union within a certain industry set the legal minimum wage level throughout that industry, even for nonunion companies. A government-appointed committee hes been considering suspending this rule so as to restore flexibility to labor-intensive

TWENTY-FOUR HOURS AFTER FINLAND

ALLOWED THE MARKKA TO FLOAT FREELY AGAINST OTHER CURRENCIES ON SEPTEMBER 8 SWEDEN HIKED ITS KEY LENDING RATE TO 75 PERCENT IN ORDER TO DEFEND THE KRONA.

- 🛆 FINNISH MARKKA SWEDISH KRONA
- O DANISH KRONE
- NORWEGIAN KRONE



But the first priority is to cut the state budget. The public sector now consumes e quarter of Finland's GDP. Trimming it back will reduce the need for foreign borrowing and

release domestic resources for export. The government finally has the authority to do this because of e change in the constitution that came into effect this autumn.

Until now, the passage of any law could be delayed to the next session of parliament it just a third of the members of parliament so voted. In effect, this meant that unpopular spending

cuts needed a two-thirds majority. Now that all laws can be enacted by simple majority, the process ot economic reform can be speeded up.

Patrick Humphreys

Sweden / Putting Out the Welcome Mat

Deregulation Part of Coalition Reforms

When four parties joined to break 50 years of almost uninterrupted Social Democratic rule in Sweden last year, a central plank of their policy was based on an initiative by the Social Democrats: Swedish membership in the European

Although it was the previously anti-EC Social Democrats who had submitted the Swedish epplication the Conservative led coalition went into last year'e election hoping to persuade the electorate that only a right-of-center govemment had the enterprise and energy to adapt the country to the demands of the larger market. They geined enough seats to form a government, albeit without e parliamentary majority.

The government has now been in power for e year, and the process of adapting to Europe is in full swing. The Swedish currency, the krone, was unilaterally linked to the Ecu. and through the European Economic Area agreement, Sweden end the other countries of the European Free Trade Association will European market when it is formed in 1993.

As recent events have shown, the link to the Ecu has not been an altogether happy experience for the troubled krona, with the Bank of Sweden having to employ the heavy artiflery of record interest rates to resist devaluation. The government wants to show Brussels that it can run a tight financial ship and recently announced public spending cuts of over \$3 billion. According to Finance Minister Ann Wibble, however, "There will be no crisis package. Our longterm aims are to make Swedish industry more efficient and lay the foundations for sustained growth. and we stand by them."

Sweden is hoping for full EC membership sometime in 1995, giving the country e political voice in the Community to complement its economic involvement already established by the EEA. In e recent government publication on the effects of Sweden's "Europeanization," Sweden's minister of foreign trade, Anlta Gradin, wrote: "We will be part of this dynamic age, shaping the future."

But, as one official puts it, the government cannot adjust Sweden's business community to the EC only the companies themselves can do that, indeed, it was the many multinational Swedish businesses that first called for EC membership. The fear of remaining outside the Internal market, with foreigners unwilling to invest in what they saw as an isolated northern outpost, superseded all other considerations. The government, putting aside political obstacles such as the question of neutrality,

What the government can do is adapt the environment in which industry operates. This is being done through policies of tex-cutting, deregulation and privatization and by promoting competition and foreign Investment, Corporate taxes have been cut from 57 percent to 30 percent, value-added tex on foodstuffs and many services is down from 25 to 18 percent (with more VAT cuts in the pipeline for 1993) and taxes on income, once famed as the highest in the world, are now within the 30 percent to 50 percent band. Sales tax on shares and other securities has been ebol-

energy taxes on industry and abolish real-estate tax on commercial properties. Deregulation has already had a major effect on transport, with domestic airline and taxi passengers enjoying lower prices and greater choice. Deregulation of the agricultural sector has surpassed that of many EC

ished, along with the wealth

tax on working cepitel.

There are also plans to cut

countries. The government is well aware of the need to break up monopolies, a challenge It is meeting with the twin tools of privatization and new competition laws. The government has listed 35 companies due for privatization in the next five years,

munications concern. Swedish Telecom.

"We have actually never had an official monopoly, says Bertil Thomgren, ST's senior vice president. "merely a de facto one." ST hopes for privatization next year, but the government may hold back for fear of creating a situation similar to that in Britain, where a state monopoly has been replaced by a hugely imbalanced duopoly. "But there they only had one new competitor," eeys Mr. Thomgren, "Here it will be wide open."

Swedish Telecom is facing the prospect of privatization and a possible flotation on the stock market with enthusiasm and energy. The company has begun a comprehensive cooperative project with telecommunications companies in two of the Baitic republics, Latvie and Estonia. Along with Finnish Te-lecom, ST is supplying the Baltics with an NMT mobile telephone network, has contracts to produce directories and will be part of the new ground-based felephone network in Estonia. Sweden's King Carl Gusta opened a Swedish-built foreign exchange in Riga, giving Latviens their first chance to call internationally without going via Mos-

The mining industry will also be privatized; the Swedish government is selling mining properties on the international market. The State Mining Property Commission will be abolished, crown shares will be disposed of and the only state involvement will be the provision of basic geological information to private explorers.

Sweden is also toughening up its competition laws, with fresh legislation due to come into effect on July 1, 1993. The current legislation only starts to make its presence felt when monopolies are abused, but the new laws will be more in line with the Treaty ot Rome, stepping in to break up uncompetitive aituations. A new organization. the State Competition Authority, was set up this July to prepare the way.

One of the main aims of these changes is to ensure that Sweden is not over-looked by foreign Inves-tors," says Martin Haag, European affairs expert at the Foreign Ministry. 'In fact, they will make the country even more attractive as a home for invest-ment tunds. That is at the base of all our policies — the attack on inflation, govemment spending cuts, reduced taxation and the try-ing of the Swedish krona to the Ecu."

Herbert Fromlet is chief economist at Swedbank, the Swedish savings bank. He is pleased with the measures the government is taking. "The administration is doing its best to attract Investment, and that is a process that takes time, but these changes are welcome. Although there are still major problems - rising unemployment, the budget deficit, the recession - we see some encouraging trends in falling inflation and better industrial productivity.

"Really, industry in Sweden is the key," says Mr. Haag at the Foreign Minis-

Ketth Foster

HOW LATVIAN BUSINESS LLOF HANGSON DER Active innoet goods. ELOF HANGSON DER RADE Baths innoet goods. THE Indicated trading to the rides of the party of th **CONNECTS TO THE WEST** AND THE 21 ST CENTURY



Mr Petens Videnieks, General Director of Lattelekom,

After the Republic of Latvia regained its independence, Latvian industry was as eager as its western counterparts to establish contacts. Unfortunately, both sides were severely handicapped by the limited and unreliable telecommunications, still routed via Moscow. The mechanical exchanges installed in the 50s and 60s were well maintained, but hopelessly inadequate to meet the surging needs.

To solve the problem last, Swedish Telecom International - Televerket's international business development company -- was assigned to install the first AXE digital exchange in the Latvian capital of Riga. At the same time, a sufficient number of reliable lines to the western world was opened via Televerket in Stockholm. Early in 1993, the new system will be totally inlegrated with the existing Latvian network.

Says Lattelekom's General Director, Mr Peteris Videnieks: "Rapid development of our telecommunications is a precondition for promoting business activities in Latvia. The "overlayed" international network, installed in cooperation with Televerket, gives business people as well as politicians every possibility to communicate with their western partners at any time".

This is no coincidence. Sweden has a highly digitalized exchange network, more telephones and mobile telephones per capita, and more work terminals per employee than any other country. It is also the most open telecom market in Europe.

And, as in Latvia, we welcome any opportunity to turn communication challenges into mutually rewarding business opportunities.



Within Televerket, Swedish Telecom International develops and markets international telecommunication services. For further information, please write or call: Swedish Telecom International AB, P.O. Box 4646, S-116 91 Stockholm, Sweden Tel. +4687437500, Fax +4687437713.

SWEDEN OFFERS FOR SALE Mining resources and property

Due to the recent decision by the Swedish Government to sell its mining property, opportunities have been created to offer metal and mineral prospects to the world market.

Sweden has benefited from a long tradition of mineral explaration and mining. For decades the Swedish State, either by Itself or in association with the mining industry, has explored the raw material resources of the country's bedrock.

With its origins dating from the 11th century Sweden can boost a well established system of democracy which provides for stability in society and solid principles of business practice. As a consistently reliable international partner, Sweden can offer an established alimate for investment. Revised policies related to business venture and taxation have created a very attractive position for the foreign investor in Sweden. In addition a forthcoming mineral code will create new conditions beneficial to the industrial mining sector.

A serious evaluation of prospects for metal and mineral resources has been developed into qualified systems of geo-information that now can be offered to the international mining industry market. Exploration records include although magnetic and electromagnetic surveys, geochemical surveys and detailed information on mineral prospects which have been explared to varying degrees. Part of the exploration record will also be available as computerized information.

For further information about the sale of Sweden's prospects on

VARIOUS METALS AND MINERALS

Please contact the Swedish STATE MINING PROPERTY COMMISSION Appointments are welcome:

THE STATE MINING PROPERTY COMMISSION

Postal address: Box 47608 S-117 94 STOCKHOLM, SWEDEN

Telephone: + 46 8 744 27 10 Telefox: + 46 8 19 62 50



ECONOMIC PROGNOSIS 1993-1997

صكذا من الاعل

West European Oil King Diversifies

business area was formed

in 1989, Norway feared

problems in selling its re-

serves. Now, thanks mainly

to environmental concerns.

European gas consump-

tion looks set to double,

and the problem is meeting

demand. The current Stat-

pipe/Norpipe gas delivery

lines to Europe will be sup-

plemented by the sched-

uled Zeepipe and Europipe

lines to Belgium and Ger-

many in the next three

bolic of the increased trade

Norway hopes to have with

the Continent when the Eu-

ropean Economic Area

agreement comes into play in 1993, making Norway

part of the EC's internal

market. The Labor govern-

ment is set on applying for

EC membership this year,

but opinion polls still show

a large anti-EC contingent,

with arguments over the

fishing and agriculture is-

sues still critical. More posi-

tive toward tha larger mar-

ket and greater competition

are the newer industries

and high-technology sec-

tors like banking, electron-

ics and telecommunica-

The case of Norwegian

Telecom is a good exam-

ple. Not so long ago, it held

These pipelines are sym-

While many in Norway remain ambivalent over the question of EC membership, its businesses are already seeking to take advantage of new oppor-tunities offered by the European Economic Area. Norway is also expanding and diversifying its industrial and commercial base as the country moves into the 21st century.

Norway's great source of

income is its North Sea oil and gas. It is now Western Europe's chief oil producer, in 1991 having pro-duced 1.86 million barrels per day over Britain's 1.80 million barrels per day, and averaging more than 2 milllon barrels per day this year. Not content to stop there, the industry is preparing to invest over \$8 billlon in its oil and ges fields in 1993, according to a survey by the national statistics bureau carried out in the second quarter of this year. This means a jump of almost \$2 billion, or around 30 percent, over planned investment this year.

Most of the investment will go toward the develop-ment of new fields, as several large fields have entered a cost-intensive phase of their long-term development. On top of this come planning costs for several new fields that Nor-

oalition Figioras

way has decided to concentrate on. Investments in fields already in use and land-based operations will grow by \$1.5 billion.

The actual figures may turn out to be even higher. Calculations for this year's investment et a similar stage in 1990 fell almost \$2 billion short of the actual figures. Signs look good, too, for employment in the oil and gas Industries, with over 63,000 people em-ployed in this sector in 1991. That number was 12,000 more than in 1982, and the latest analyses predict another 7,000 jobs to come in the next decade.

When it comes to finding new fields, the Norwegian oil giants Statoil, Norsk Hydro and Saga Petroleum are casting their nets wide. Although surprises could still occur (particularly off central and northern Norway), the North Sea has been thoroughly explored, and new fields are likely to be of small or medium size. So the Norwegians are voyaging to distant shores: Nigeria, Namibia, China, Indonesia, Vietnam and the former Soviet Union. "There is a tremendous need for the technology, skill and experience we have gained in the North says Torteif Enger,

a total monopoly in its area, but that is being succesdirector of Norsk Hydro. sively broken up. in the last When the Natural Gas

been allowed in the production of terminal equipment and telephones, value-added services, data transmission and resale of surplus cepecity on NT lines. "The demand from companies for data transmission facilities is rapidly increasing," says an NT spokesman, Dag Melgaard. 'in fact, so much so that we can hardly keep track of how much the lines are be-

ing used.' In 1991, the monopoly on the supply of mobile telephones was broken, with two operators being allaunched in the near future. Norway is still experiencing a boom in the use of mobile telephones, with over 240,000 subscribers to the place.

help those who lose their

THE OECD AVERAGE four years, competition has FINLAND AND SY/EDEN ARE STRUGGLING TO BRING THEIR ECONOMIES INTO LINE WITH EC SENCHMARKS ₩ NORWAY **SWEDEN**

lowed the concession on the new GSM system, to be Nordic NMT system now in

Norwegian Telecom Is adapting to its new market situation from within, with plans for a new streamlined organization currently under parliamentary review. The new profit-oriented group would thue shed one-third of its work force In the next four years but, In typically Scandina-vian fashion, the cuts will be achieved mostly by "natural" reductions, with thorough retraining schemes to

WHILE ALL THE NORDIC COUNTRIES NOW SHOW INFLATION RATES BELOW

DENMARK

FINLAND

SOURCE: POLITICAL RISK SERVICES, SEPTEMBER 1992

jobs to find their feet again.

*1994-1998

NT is also cutting prices by e hefty 28 percent over the period 1990-93. For the big banks in Nor-way, meanwhile, times are still hard, with the major losses that began to show

in 1988-89 still coming. Last

year saw losses of over \$3 billion, with estimates for the first six months of 1992 indicating no improvement. While the big banks re-coup, the smaller savings banks are making handy

profits from disaffected

the best opportunity for foreign banks to move in, but Amo Rasmusson, ass general secretary of the Nordic Confederation of Bank Unions, predicts they will face difficulties. "We've had foreign banks trying here before, but the Norwe gian market is a strange one. It's a country where banks require a lot of resources to build up a ser-

coming up, this could be

Keith Foster

REAL GDP GROWTH IN

Economies / The Challenges of Transition customers. With the EEA

Some Sunshine

INFLATION IN

Continued from Page 9

lapse of Denmark's sec-

ond-largest insurer, Hafnla, sent shock waves through the other Nordic capitals. The Danish insurance group had been involved in e major takeover bld with Norway's largest insurer, Uni Storebrand, for Sweden's Skandia. Hafnie's ambitious plan was to create a pan-Scandinavian insurance giant, but this fell through when Skandia rejected the takeover. Over the summer, evidence of Hafnia'e overspending began to seep out, including e number of dubiously se-

cured investments.

The Hafnia Incident triggered off a chain reaction, with Norway's Uni Storebrand being forced into public administration. Skandle's share prices have been effected, as have Baltica, Denmark's largest Insurer, and Finland's Pohjola Insurance group; Hafnie has significant shareholdings with all three insurers.

-3,50

-3.80

The various Scandinavian creditor banks to Hafnia and Uni Storebrand, which are some of the region'e largest and most prestigious, are now waiting to see what can be salvaged.

Xueling Lin

on on

Ric Ho at de n the ian

Reaping the Benefits of Tough Economic Policies

Continued from Page 9

Denmark / Scandinavia's EC member

be given to Denmark's own export efforts. While other Community countries still floundered with export deficits with Germany in the late 1980s, Danish exports rose dramatically, particularly after German unification, with little help from Brusse

Part of the reason Denmark has managed to meintain Investor confidence is because the minority right-of-center coalition has stuck to its tough economic policies. In the new 1993 draft budget, the government proposed heavy spending cuts to reduce deficits and keep the economic revival on track. Denmark took the necessary steps to get its economic house in order earlier than its Nordic neighbors, and this is paying off now.

One major worry Denmark still shares with the other Nordic countries is rising unemployment.

which has passed the 10 percent mark. The push from opposition parties, and even to some degree factions within the government coalition, to boost government spending is increasing, Erik Hoffmeyer, longtime director of the Danish National bank, has, however, warned of the dangers of slipping back into old ways of excessive government expenditure.

Reactions of local industry to the referendum result have been mixed. The Danish toy-brick manufacturer. Lego, has stated that it will suspend plans to build a new factory in Denmark until its position in the community has been clarified. Carlsberg, the Danish brewing glant, has taken a more robust view and is going ahead with e 1.3 billion krone investment in new bottling facilities in Copenhagen and at their hightech plant in the provinces.

According to a study based on the 1991 World Competitiveness Report, the Danish portfolio is "strongest in the areas of geographical location, political affiliation, social accord. business environment and educated work force."

Denmark's high level of compliance with Community directives also makes it attractive to foreign investment. Foreign manufacturers based in Denmark can be certain that there are no nasty surprises in store, because once they have met Danish requirements, they

have fulfilled Community requirements. The Danes point out that

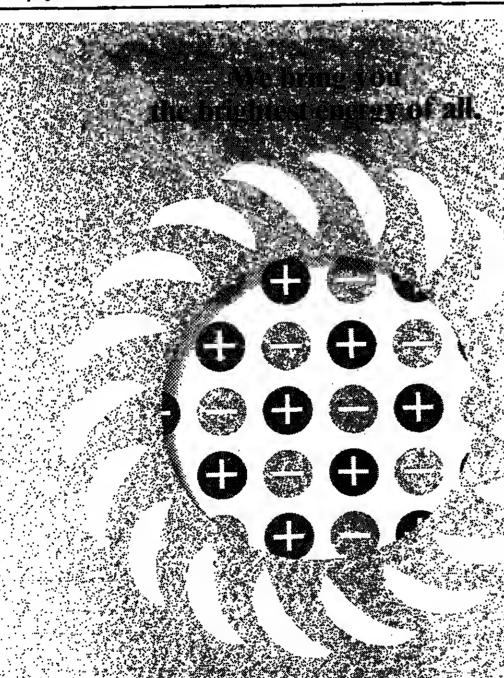
rejection of the Maastricht treaty is not synonymous with rejection of the EC. They would like closer economic cooperation, but are wary of taking part in a common defense policy or the more tar-reaching aspects of monetary union. Judging by opinion polls in the other Community countries, they appear to be common worries.

Xueling Lin

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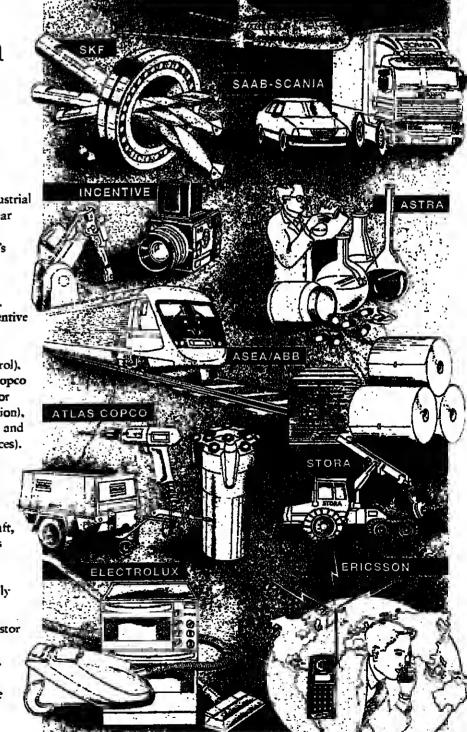
Investor AB's majot interests are in Astra (pharmaceuticals), STORA (forest products), Incentive (industrial group), ASEA/ABB (transportation, infrastructure, power and environmental control), SKF (rolling bearings), Atlas Copco (compressors and equipment for industry, mining and construction), Ericsson (telecommunications) and Electrolux (household appliances).

In 1991 Investor AB acquired the Saab-Scania industrial group, which manufactures Scania trucks and buses, Saab commercial and military aircraft, Combitech aerospace products and industrial electronics, and Saab passenger cars (through Saab Automobile, owned jointly with Genetal Motors).

In the last ten-year period, Investor AB's net worth increased by more than 20 percent per year. The Investor share is listed on the Stockholm Stock Exchange and on SEAQ International in London. Investot's convertible debenture loan is listed in Stockholm and Luxemburg.

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CAPITAL MARKETS

End of Exchange Controls Opened the Door to Chaos

By Carl Gewirtz

ARIS — Did Europe put its cart before the horse? By He Conciliates removing exchange controls before fully achieving what analysts call "convergence" of economic policies — and most especially interest-rate policies — did governments inadvertently open the way for the tidal wave of speculation that forced Britain and Italy out of the European Community's system of semi-fixed exchange rates last week?

That's a contentious view, but one reiterated by economists who in the late 1980s warned of such consequences as the EC laid plans to create a single market allowing for the free circulation of goods, services, capital and labor by the end of this year.

With too little

economies,

convergence among

The argument was and is that where you have a fixed exchangerate system you need a complete similarity of policies," said Charles Wyplosz, an economist at the Insead business school in Fontainebleau, France, and an early critic of the move to eliminate currency controls.

"You must have either full speculators had a field monetary union, or capital conday. trols or just a free floating system. There was no clear under-

become obsolete.

tanding," he insisted, "that you can't run a fixed exchange rate system without capital controls" in advance of monetary union. Under the 1988 agreement creating the single market, member states committed themselves to the full liberalization of capital

movements. Germany, the Netherlands and Denmark never had any controls and Britain had removed its restrictions in 1979.

France abolished its controls in 1989, Belgium, Luxembourg and Italy in 1990 and Spain earlier this year. Neighboring countries planning to seek admission shadowed the move and Sweden, in 1989, and Finland, in 1990, followed suit.

Ireland is slated to end its controls by the end of this year. Portugal and Greece were given an exemption until 1995 and in any event Greece is not a participant in the exchange rate grid.

Thanks to Portugal's controls, Mr. Wyplosz noted, the escudo has been able so far to withstand the speculation engulfing Europe-The current round of currency distrust began in Finland, where

the markka was left to float and declined some 10 percent. The lira was the next target. Foreign investors, who had gambled rich double-digit bond coupons were nearly as safe as 8 percent rields in Deutsche marks, as the currencies are linked, joined domestic institutions in dumping the currency as doubts about the

viability of the exchange rate mounted and operators in the foreignexchange market, scenting a quick profit, joined the melec.

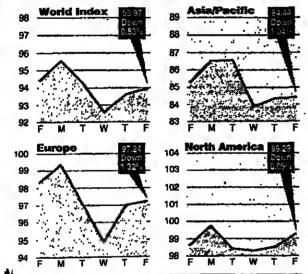
One small gauge of the investor funds at risk: David D. Hale at Chicago-based Kemper Financial Services estimates that "in the U.S. alone, there was over \$22 billion in high yield money-market funds targeted on Europe in the belief that devaluations had

After the lira devalued 7 percent, sterling moved to the top of the suspect list and by the end of the week both Britain and Italy gave See CAPITAL, Page 15



THE TRIB INDEX

International Herald Tribune World Stock Index; composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News. Week ending September 18, daily closings. Jan. 1992 = 100.



Industrial Sectors/Weekend close

	9/18/92 close	9/11/82 close	change		sylana close	971/92 close	change
Energy	97.38	96.52	+0.89	Capital Goods	97.60	97.57	+0.03
Utilities	88.41	91.91	-3.81	Raw Meterials	99.35	97.25	+2.16
Finance	83.25	84,51	-1.49	Consumer Goods	96.63	98.51	+0.12
Services	97.69	99.26	-1.58	Miscellaneous	102.32	100.33	+1.98

The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

CURRENCY RATES

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Yeltsin Looks for A Deal

Anti-Reformists

By Steven Erlanger New York Times Service

MOSCOW - With the Russian government weakened and the economy slipping out of control, an important session of the legislature opens this week amid signs that President Boris N. Yeltsin is seeking further compromise with forces opposed to Western-style econom-ic reform.

This summer, the Russian economy has borne the brunt of an unresolved political and constitutional struggle over the money supply.

The executive branch, under the

acting prime minister. Yegor T. Gaidar, has been trying to limit the granting of new credits to industrienterprises so it can keep inflation down and encourage structural changes in the economy. But the central bank, which is responsible to the legislature, has opened the credit spigot wide in the hope of reviving production and avoiding high levels of unemployment.

The clash, which the central

bank and its acting director, Viktor Gerashchenko, have been winning lately, is in essence about the size of the state's role in controlling the economy. But in narrower terms, as always here, it is an intensely personal struggle for power and perquisites.
"Russian politicians always get

their priorities mixed up," a senior Western diplomat said. "They're so involved in their power struggles, which have a lot to do with access to the dacha, the car, trips abroad, and access to hard currency, that they really don't see that the economy is on the verge of collapse."

For Mr. Gaidar and his team of Western-oriented ministers, this is a moment of some despair. Mr. Gerashchenka, who took over the central bank in mid-July, issued about \$5 billion in credit in July and August alone. He did so, Mr. Gaidar's aides say, without consulting the executive branch, and one result will be an inflation rate close to 30 percent this month. They see the possibility of hyperin-

See RUSSIA, Page 15

Sweden Set for Tax Rises, Welfare Cuts

STOCKHOLM - Sweden's center-right government, moving to stabilize the krona amid Europe's currency crisis, announced Sunday a dramatic agreement with its Social

Democratic opposition on tax increases and

devaluation of the Swedish currency, which is pegged to the European Currency Unit. Prime Minister Carl Bildt's minority government engaged in four days of horse-trad-ing with the largest party, the Social Demo-crats, on the package to restore confidence in

Sweden's central bank had to raise its short-term interest rates to 500 percent last Wednesday to support the krona in the cur-rency crisis preceding Sunday's French referendum. But the record high rates brought creased taxes, with a smaller portion coming

ing to a virtual halt Friday, threatening to

suffocate the econom "A confidence-building savings package is good for the currency, for interest rates and for exchange rates," said Bjorn Carlsson, managing director of an investment firm. But Harald Lunden, a Swedish broker.

The package, the biggest austerity program in Swedien's modern history, was designed to pump 40 billion kronor (\$7.3 billion) into state has moderate importance," he said. "It is coffers to stabilize the economy and prevent a outweighed by other factors just now - the referendum in France, the krona, and cur-

rency realignments in Europe."

Mr. Bildt said the full effect of the package would not be realized until 1997, when he hopes Sweden will be a member of the European Community. But Mr. Bildt said the measures would strengthen the national budget by 28 billion kronor next year.

According to the national news agency. TT, the major price Mr. Bildt had to pay was that most of the savings will be from in-

election platforms promising cuts in taxes

and government spending.
TT said the package included increases in taxes on gasoline and tobacco, and delayed the cut on property and wealth taxes that the

According to TT, the defense budget was in be cur by 1.2 billion kronor, while the government spends 10 million kronor to create 150,000 jobs. Sweden is experiencing a postwar high of 5.8 percent unemployment, according in official figures.

The package calls for sick pay and occupa-tional-injury insurance to be taken ont of the state treasury and transferred to employers and unions, TT reported.

The agreement also says that employees should receive no pay for their first day of sickness, 65 percent of pay for the second day, and 80 percent thereafter. That is a major change from the current program.

from reduced social benefits. Mr. Bildt's co-alition came to power last September on for the first few weeks of illness, and 90 percent thereafter.

A plan in pay parents to care for their children at home as an alternative to state day care was put on hold, TT reported. It was a favorite program of Mr. Bildt's Moderate Party, as well as his coalition partner, the

Christian Democrats. Also, government subsidies to families with children, a benefit from the years of Social Democratic rule, will remain frozen instead of being raised Jan. I, as had been planned.

Political commentators said that whatever the fate of the crown, the pact between Mr. Bildt and his archrival, the Social Democrat leader Ingvar Carlsson, was a milestone in Swedish politics. "It means that politicians have obeyed the broad mandate from voters in take responsibility for the whole country rather than their party," the conservative newspaper Svenska Dagbladet commented.

Ministers 'Committed' to EMS

By Paul F. Horvitz

ational Herald Tribune WASHINGTON — European finance ministers defended the European Monetary System on Sunday as a central ingredient in Enrope's prosperity but took no immediate action to ease pressure on the tattered exchange rate mech-

The ministers' broadly worded communique, issued during the an-nual meeting of the International Monetary Fund, came after results of the French vote on European unity were publicized late Sunday. It appeared that any further decisions on Europe's currency situation would await the outcome of at least some market reaction to the

vote in France. The brief communique declared that the ministers welcome the French outcome and "expressed their view that the result will case tension in the foreign exchange markets and reiterated their commitment to the European Monetary System as a key factor of economic stability and prosperity in

At the same time, some international bankers and finance officials expressed cantious hope Sunday that economic conditions were stabilizing after a week of turbulence. Theo Waigel, the German fi-

rency turbulence, saying markets had already anticipated the pivotal

vote in France on the European union treaty.

He called the apparent victory in

France for ratification of the Treaty on European Union "a positive signal for integration in Europe and a positive signal for the mar-Any detailed European response

to currency unsteadiness will have to wait until after European officials meet in New York on Monday, an aide to the European Community said, Henning Christophersen, an EC vice president said: "We will see a

calming of the markets inmorrow."

President George Bush also predicted that markets would "stabi-One focus of the optimism remained on interest rates in general

and Germany's relatively high rates in particular, Wolfgang Röller, management board chairman of Dresdner Bank

AG, said Sunday that inflation was abating sufficiently in Germany to raise expectations of lower domestic interest rates, even without intervention from the powerful German central bank. This process will continue," he

said at a news conference during the annual meetings of the World Bank and the International Monetary Fund. "It does not require a nance minister, predicted little cur- further push by the Bundesbank." And Norman Lamont, Britain's chancellor of the Exchequer, said

already had produced "some loosening of monetary policy" that was favorable to economic growth.

In a joint policy statement, representatives of the wealthy industrial nations — the so-called Group of 10 — declared Sunday that continuing good performance with respect to inflation should provide further scope for an easing of monetary conditions."

Europe's finance onnisters met in Washington and braced for what some analysts said would be an inevitable restructuring of Europe's exchange-rate mechanism to more accurately reflect economic reali-ties. And despite the calm ex-pressed in official statements, some economists and traders cautioned that further shake-outs could en-

The contingency plans expected to be discussed by the European ministers included further devaluation of some European currencies, buying by central banks to bolster weak currencies as markets open Monday, changes in fiscal policies. and changes in the exchange-rate system that binds Europe's currencies. The New York Times report-

The Group of Seven, consisting of the United States. Germany, France, Canada, Italy, Britain and Japan, forms the core of the Group See EMS, Page 14

Big Currency Players Explain Their Fright

By Jonathan Fuerbringer New York Times Service

NEW YORK — Currency traders who have been placing high-risk bets have had a lot in do with the crisis that is rolling through Europe. The word speculator, an accusation in itself, has rolled easily off the lips of finance ministers, like Norman Lamont of Britain, who are looking for scapegoats.

But there is growing evidence that it is the much more conservative institutional investors — the mutual funds, corporations and pen-sion funds — that have humbled the pound, the lira and the peseta and helped to threaten the future of the European Monetary System and economic unity.

These institutions have invested hundreds of billions of dollars in Britain, Italy and Spain, where interest rates are high, on the assump-tion that the European Monetary System was providing them inexpensive protection against adverse currency fluctuations. The underlying weakness of these currencies, which normally would threaten to wipe out any gains from the investments, could be ignored.

But as the EMS buckled last week the safety of those investments and corporate strategies was undermined. And the sudden rush of many institutions to protect their investments by buying Deutsche marks and selling the weaker currencies in Europe - the pound, the lira, and the peseta - may well have provided the weight needed to break the back of the system. While there are no exact figures on how sizable those investments are, they are clearly considerable.

"If you add up the funds, it is billions and billions of dollars that trickled in slowly, but they all wanted to get out at once," said Richard Jaycobs, the managing director of Finex, a financial exchange in New York that offers instruments for protecting against currency fluctuations. Other financial executives offer similar views.

"I think the market is driven by the big investors: the mutual funds, the pension funds, the endowments," said David W. Rossmiller, vice president of international fixed-income management at the Travelers Investment Management Co. in Hartford, Connecti-See LETDOWN, Page 15

Hong Kong Notebook

High-Rise Prices Teeter on the Edge

International Herald Tribune

After 18 months of gravitydefying leaps, Hong Kong's residential property market appears to be headed for a correction. Since January 1991, prices have rocketed an average of 80 percent, driven largely by speculators. But analysts are now saying that prices are so high that few people can afford to buy, sending many investors across the border into China's embryonic - and exceedingly risky - property market.

According to government fig-ures, the number of sales and purchase agreements of apart-ments declined nearly 10 percent in the first half of the year compared with a year earlier, in August, they were down 30 per-cent from August 1991.

Analysis predict the trend will continue as the colony's inflation rate declines and interest rates rise, as expected, after the U.S. presidential election. Previously, high inflation and low interest rates drove many onto the property market in order to prevent their savings from losing value. Some property stocks have

already started to feel the pain and the banking sector may follow. Laura Grenning, a bank analyst at Smith New Court, predicts mortgage growth will fall to single digits from a high of 41 percent in the last quarter of 1991, cutting heavily into the strong carnings registered by lo-

"The momentum has peaked," she said. "We are going into a steady phase at a much lower rate of growth."

Lawyers Win Again It is no secret that Hong

Kong business executives are irked by the United States' campaign to exact trade concessions from Beijing. But there is one local sector that has seen tangible benefits from the policy: lawyers and lobbyists.

This week, 101 representatives of businesses and trade organizations with interests in China will testify before an interagency committee in Washington in an attempt to get their product exempted from a \$3.9 billion "hit list." Washington has threatened to raise tariffs on the Chinese-made items if Beijing does not agree to eliminate a variety of trade barriers

by Oct. 10.

Those who testify have been

advised to try to convince the committee, which is chaired by the U.S. trade representative, Carla A. Hills, that including their product on the list will hurt U.S. consumers, or that a

high portion of its content is

U.S.-produced. "This has created a big concern and demand for professional assistance," said Simon Luk, an attorney with the firm of Petrit & Martin. "Hong Kong businesses and trade associations have been alerted to this process and have learned to do things the American way."

Business Battlefield

In the 1987 film "Wall Street," a corporate raider turned to the ancient Chinese treatise "The Art of War" by Sun Tzu for inspiration. Now Hong Kong business executives are learning from a contemporary American military strategist GL Joe.

Since April, Fred Yan, a former U.S. Marine Corps captain and infantry instructor, has been helping local managers hone their skills through war games training at a compound in the colony's New Territories. Using classic U.S. infantry

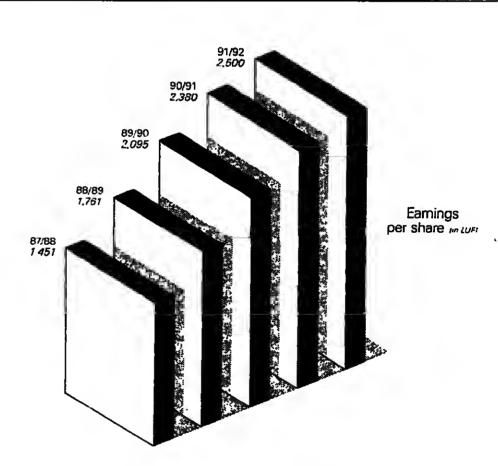
organization, participants are divided into four-man "fire teams" armed with guns that shoot colored pellets. Three teams and a leader constitute a

Mr. Yau then designs a sce-nario. "It can be a close-combat situation or a search-and-de-stroy mission," he said. Through the mock battle, participants are said to improve their skills in such areas as leadership, communication, teamwork, decision making, time management and "basic sales techniques."

The greatest thing about this is that within a very short span of time you have to deal with all these elements," Mr. Yau said. And the lessons, he adds, are not easily forgotten. "If you get shot, it is a very sobering experience. It may not be for real, but it leaves an everlasting impression."

So far 15 companies have signed up including Hutchison Whampoa, Hong Kong and Shanghai Bank and the mainland's Bank of China

Laurence Zuckerman



Sustained Growth

Total balance sheet	474,222	13,989	4 %
Customer deposits	291,226	8,591	3%
Capital, reserves and subordinated loans	16.106	475	7%
Net profit	2.052	61	7%
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South Korea Buys 2 Canadian Reactors

By Matthew L. Wald New York Times Service

NEW YORK - South Korea is to buy two Canadian nuclear reactors, and it may use the waste from American models already operating in the country as fuel.

Atomic Energy of Canada Ltd. announced a deal to sell two reactors to Korea Electric Power Corp. for a total of about \$790 million. The South Korean company had previously bought two Canadian reactors, one completed in 1983 and the other still under construction.

The design of the Canadian reactors is fundamentally different from that of American models. The Canadian reactors ruo on natural ura-

riched uranium, which is 2 or 3 percent uranium When the fuel in an American-designed reac-

tor is used up. it still has more uranium 235 than is present in natural ore. South Korea also operates six reactors manufactured by U.S.-based Wesonghouse Electric Corp., as well as several made by Framatome SA, a French company whose design is similar.

Running a Canadian-designed reactor on used American luci would be difficult because the two fuels differ in shape and the used fuel is highly radioactive, making it difficult to work nium, in which just 0.7 percent of the fuel is with. But Denny Shiflett, vice president of

uranium 235, the kind of uranium that a reactor can split to make heat.

AECL Technologies, a subsidiary of the Canadian company, said the potential for re-using the spent fuel was of major interest to the South Korcans.

Re-using the fuel will not solve the wastedisposal problem, however, because putting the fuel through a second reactor will simply make it more radioactive and more difficult to work

The new reactors are designated Wolsong 3

Atomic Energy of Canada says it has more reactors uoder construction than any other supplier. In addition to the three in South Korea, two are being built in Ontario. In addition, Romania is building five, although the work there is proceeding slowly.

COMPANY

oot be announced until the out-Meanwhile, Mr. Bush took the come of France's vote on European Before the outcome of the

Mr. Bush, in the midst of a crutal indicated that Paris was prepared

mies should have lower interest isters vowed in a joint communique rates in Germany, but the commu-

Major American & Japanese Vehicles Company

vein the Japanese government's economic stimulus package an-MAY THE ! mpaigned repeatedly against the

Earlier Saturday, German officials made it clear that they would not be pressured ioto further interest rate cuts despite pressure on Friday exerted by U.S. and British officials.

Mr. Waigel said at a news con-

Mr. Waigel said at a news conference that neither the Bundesbank nor the finance ministry would be in a position to promise a

FRANC: Markets Are Expected to Test the Currency's Link to the Mark

(Continued from page 1)

said he was "not convinced that a slender 'yes' vote will change the market's conviction that

foreign exchange market that the actual Maas-tricht blueptint will not be implemented," he economic indicators are quite good and should said. Noting that France needs lower interest be taken into account by speculators." rates to spur growth and attack unemployment, Mr. Magnus said that "a yes vote does not make everything in the garden rosy."

But French bankers like Mr. Hubbard and Christopher Potts at Banque Indosuez expect the franc to bold up to any challenge from the market. "The vote buys time to keep appearances up and try to calm the market down," Mr.

Analysts who see the frame withstanding any test stress that the fundamental economic conditions in France are much better than those prevailing in Britain and Italy. Both France and Britain were overwhelmed by selling last week and forced to temporarily drop out of the fixed exchange rate mechanism and allow their currencies to float

Hung Tran. Frankfurt-based analyst at

there's a need to realign exchange rates." increases are low, unit labor costs are under "It will not stop the momentum behind the control and exports have increased. Except for increases are low, unit labor costs are under

These analysts expect speculators will have little stomach for taking on the Bank of France

renewed attack, Sterling was quoted Sunday night at 2.5735 mained well outside its last official floor of

820.68 DM. pends on how severe the pressure is on the French franc and whether, to preserve its parity, the Bundesbank cuts its interest rates. That would create a big rally in all European

markets, analysts said. A convincing defense of the franc without a tant overnight interest rates.

INTERNATIONAL CLASSIFIED

Deutsche Bank, noted that the "market has got German rate cut is also soon bolstering the to appreciate the fundamentals are much better French bond market as interest rates would — inflation is lower than in Germany, wage then be expected to move closer to those prevailing in Germany.

A Break for Speculators

Ireland has decided to ease exchange controls to let speculators in a bind borrow punts.
A Finance Ministry spokesman said Sunday:
The Central Bank is giving permission under when the pound, the lira and the peseta appear the exchange control act to allow nonresidents: to be much easier targets less likely to resist to borrow from Irish banks to meet their obligations in order to prevent disruption of the banking market."

During the currency chaos last week, foreign DM, down sharply from Friday's close of During the currency chaos last week, foreign 2.6107 DM and the lira, at 835.45 DM, re-investors sold punts, driving the currency down

to its intervention floor price. But they ran into trouble when they tried to What happens on European stock and bond get punts to meet their contracts to sell, market markets Monday, analysts agreed, largely desources said. Under the foreign exchange control rules, overseas investors were forbidden to buy punts for speculative purposes in Dublin Scrambling for punts in London and Jersey, they had to deal in the Euro-Punt market where demand rocketed and they were hit with exorbi-

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managers to the would not ordin

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EMS: European Ministers Reaffirm Their Commitment to Battered System (Communed from first finance page) somewhat lower. It will help them growth and greater currency stabil- rates from the Bundesbank would

INTERNATIONAL RECRUITMENT

You will find below a listing of job positions published last Thursday

in the International Herald Tribune under the International Recruitment Feature

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of 10, which adds Belgium, Switzerland, Sweden and the Netherlands. Some analysts suggested that the G-7 leaders might advocate a revised exchange-rate mechanism to Europe that would include only five nations, Germany, France. Belgium, Luxembourg and the Netherlands, the Times said. Couotries with higher inflation, including Italy and Spain, would be re-leased from the ERM grid to permit them to raise interest rates and avoid greater disparity with the

reality." Abby Cohen, investment investment banking house, said in a an international leader, televised interview. "Weak econo- Meeting Saturday, the rates and their currencies should be to cooperate to achieve "sustained nique's wording implied that lower

SALES MANAGERS

WESTERN EUROPE

AMERICA/FAR EAST

STRASBOURG

POSITION/LOCATION

SERVICE MANAGER/SAUDI ARABIA

EDITOR FOR BUSINESS MAGAZINE/

LAWYERS ADMINISTRATIVE OFFICERS/

SALES AGENT/EUROPE/LATIN-

in the trade war."

nate 11 European currencies, calls tions that might be taken. for trading ranges to maintain a Later, the U.S. Treasury secrerelative balance of economic activity among European Community

unusual step of inviting IMF offi- union was known. cials, bankers and representatives House on Sunday evening.

re-election campaign, was expected to defend the franc. to issue a statement stressing the "I think the ultimate situation need for global economic growth as that interest-rate reductions had bere is toward a better sense of one means to calm currency instability in Europe and, thus, display strategist with the Goldman, Sachs for a domestic audience his role as

Meeting Saurday, the G-7 min-

ity." But the three-paragraph state- be helpful. The ERM, designed to coordi- ment did not offer any specific ac-

edged that any action plan could

of the G-7 nations to the White French vote was known. Finance Minister Michel Sapin of France

> been achieved "in a number of countries" on the path toward global economic recovery since the G-7 summit in Muoich last spring. No mention was made of the rising

The statement noted in a positive

nounced last month. By implicaoon, at least, a parallel stimulus package by Washington would have been welcomed had it been pul into effect, but Mr. Bush has kind of direct government intervention in the economy that Japanese leaders have promised.

ANNO VOTER

To vote in # stration ever bestocrats / Abroad are is following time

September 2 France de C 33, oversue Live music w

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INTERNATIONAL HERALD TRIBUNE, MONDAY, SEPTEMBER 21, 1992 **New International Bond Issues** Compiled by Laurence Desvilettes Floating Rate Notes Bank of Tokyo perpt 0.so 100 (Curação) Holdina Coupon will be 0.80 over 6-month Libor until 1997, 1.30 over ntil until 2002 and 1.80 over thereofter. Subordin Bayerische **\$** 50 2002 1/6 100.60 Balow 6-month Libor. Minimum interest 5%, maximum 10%. Noncollable subordinated notes. Fungible with outstanding issue, raising total to \$300 million. Fees 0.50%, Denomine \$10,000. [Lehman Brothers Int'] Commerzbank 2002 orth Libor. Ministem interest 5%, maximum 10%. I subordinated notes. Fungible with outstending ig total to \$250 million. Fees 0.50%, (Gdder Daiwa PB (Caymon) \$200 perpt 1 100 Over 3-north Libor. Subordinated variable rate notes, with follback rates of 1.30 over Libor from 1998 to 2002 and 2.05 over thereafter, Collable at par from 1997. Facs not disclosed. Denominations \$10,000. (Mental Lynch Int I.) Dixons Finance 1997 34 100 Over 6-month Libor. Noncollable. Fees 0.45%. Denomina \$100,000. [Chemical Investment Bank.] Osprey Mortgage Securities Number 7 \$108 1998 % 99.90 Over 3-month Libor, Noncollable, Fees not disclosed, Denominations \$10,000. (Goldman Sochs Int'L) Takugin Finance perpt 0.so 100 Coopen will be 0.80 over 6-month Liber until 1997, 1.30 over thrill 2002 and 1.80 over thereofter. Subprefinated notes collable at par from 1997. Fees not disclosed. Denomination \$1 million. (Dalvar Europe.) **Fulito** Y 10,000 1997 ½ 100 Over 3-month Libor, Noncollable, Fees not disclosed, Denominations \$100,000, (Salaman Brothers Inf L) Fixed-Coupons Banco Galicia y \$100 1997 994 99,497 Semiannually. Noncollable. Fact 116%. De \$10,000. (Chase Investment Bank.) **Buenos Aires** Banco Holandes \$65 1995 10 100.25 Ontario Province 1997 5.70 99.571 98.85 Osprey Mortgage Securities Number 2 \$ 89.80 1997 514 99.39

CAPITAL: End of Exchange Controls Led to Disaster

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Continued from first finance page) up defending fixed rates and were obliged to let their currencies float.

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By then, money managers and corporate treasurers had convinced themselves that the Deutsche mark and its closely tied satellites - the guilder and the Swiss and Belgian francs — were inevitably headed for a revaluation against all other European currencies.

Richard Portes, director of the Center for Economic Policy Research in London, concurs on the need for controls. Either you have a much more flexible exchange rate nechanism with frequent, small realignments or you move much faster to monetary union.

"The middle ground was continzent on capital controls and strong convergence of economic and mon-

etary policies," he said.

For Mr. Wyplosz, governments had been lulled into misreading the potential for upset because "the prospect of monetary union by no pectations of the market" that conergence of the key economic variables could be achieved.

That anchor was set adrift by worries about whether the commitament to monetary union could be tratified, highlighted by Sunday's referendum in France. As doubts increased "market operators protected themselves by getting out of

currencies likely to devalue," Mr. Wyplosz observed.

Governments thought it would be enough to make pronouncements claiming 'we use tough and we're going to be tougher.' But they weren't tough enough," he noted, adding that "neither Britain nor Italy were prepared to raise rates high enough, to 500 percent like the Swedes if necessary, to stop the speculation.

At the EC headquarters in Brusscls, an official dismissed the dehate on capital controls, saying that "it's always easy to look bank in hindsight and say maybe we shouldn't have done that. But in my view it's not matter of controls but rather a question of confidence in economic convergence.
"Controls aren't a solution to the

real problem. Better to make the changes that are necessary," the official said, referring to exchange-rate adjustments, "than to delay what needs to be done through con-

But a monetary analyst outside the Community agrees that "clearly there is a link between the degree of freedom in the foreign-exchange market and the size of those trans-

"Even without the lifting of controls we could have had quite sizable trouble. But the amounts would have been smaller. And that, Mr. Portes asserts,

would have permitted "a more orderly realignment." Citing past experience — the 11 realignments between 1979, when the EMS was created, and 1987 — Mr. Portes noted that "typically new bands overlapped with the old ones, meaning that speculators did not make a killing."

Noncolloble. Fees 0.30%. Terms to be set Sept. 22. Denomina-tions. \$10,000. (LP. Margan Stanley Securities and Merrill collable. Fees 0.30%. Terms to be set Sept. 22. Den

Yield 7.66%. Noncolloble. Proceeds 94 million marks. Fees 1,20%. (Trinkous 8. Burkherdt.)

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Nancollable, Each \$10,000 note with two warrants exercisely into company's shares of an expected 297% premium fees 294%. Terms to be set Sept. 22. (Philos Europe.)

In other words, a currency under attack at its floor rate would be devalued and immediately trade at its new ceiling, which nearly matched the old floor. Only three of the realignments between 1979 and 1987 were larger than the maximum permitted fluctuations, which meant the new caling was lower than the previous floor level. The large effective devaluations this month have provided enor-mous profits for those who bet on

For the monetary analyst, who agrees that "if you want complete freedom of capital flows then you must have convergence of economic policies," the lesson of last week

is not to return to controls. "Once the genie is out of the bottle you can't put it back," he

Referring to Italy, he said "it's clear that economic policy conver-gence was not taken seriously enough. Britain has started in the right direction, but it started late and its achievements were not fully recognized by the market."

I.ETDOWN: Why Managers Dumped Currencies

cut. He said he had contributed to the currency turnoil himself by shifting his strategy earlier this month in a way that forced the selling of the weaker European cur-

"It is portfolios like these that are really driving the market, and it s the speculators that come in and hase the trend," he added.

In fact, it appears that it was the very credibility of the European Monetary System, which attracted o much investment money, that iltimately helped bring the system lown so quickly, market participants said. The system provided a afety net that allowed money nanagers to take risks that they ould not ordinarily consider.

It was taking such risks that almutual funds investing in igh-yield short-term investments round the world to pay attractive turns. Such funds are run by big rms like Merrill Lynch in the Europe. Corporate treasurers so used the security of the monesystem to reduce their costs. funds protecting themselves money-losing currency — a practice known as a practice known as the also depended on the

Monetary System. camed of taking these risks," said atthew Daniel, manager of finan-

cial markets at Union Carbide hedging in marks cheaper than in Corp. "Why did they? They had the safety net of the European Mone-tary System under them. Now that has been blown out of the water." Indeed, the breakdown has changed all these equations. "It

was the strength of the system that had sucked in so much money," said David Smart of Fiduciary Trust in London. "And now it had brought about the potential demise

At the heart of this currency crisis is a practice of currency risk management called proxy bedging. Hedging is the attempt to lessen or eliminate the risk that a currency

movement will go against you. For crample, a rise in the dollar cuts the gain from foreign bonds when the foreign currency earnings are translated back into dollars. To protect those gains, an investor who put \$50 million in British bonds might try to offset the risk of a falling pound by selling an equivalent amount of pounds for dollars when the investment was made.

But because of the stability of the European Monetary System, a trader did not have to hedge in the same currency as the investment, but could use a stronger currency. like the mark; that is the practice of proxy hedging. The attraction was that short-term interest rates in Germany were lower than in Italy or Britain, which made the cost of

pounds. Theoretically there was lit-tle risk, because the monetary system made the mark and other currencies move within set trading ranges of each other, and that limited the potential losses.

Arthur Zeikel, the president of Merrill Lynch Asset Management, said this opportunity made the global income funds possible. In discussing the rupture of the system this week - and the losses for his fund and others - he sounded like a man whose faith had been betrayed. Without the insurance of the monetary system, his costs of operating will rise sharply.

"By doing cross-hedging and capturing the disparity in interest rates, you create a fund with less cant, even fundamental. But the volatility and higher return," he

Corporate treasurers and other Soviet and may run for two fund managers who had also used fund managers who had also used months, including the first session such techniques were forced to unwind their positions last week, add- of People's Deputies, may not proing to the downward pressure on vide the requisite resolution. Europe's weak currencies.

Mr. Rossmiller of Travelers and Thomas J. Berger, a director of Ruslan I. Khasbulatov, have made Lombard Odier International Port- a public show of their desire for folio Management Ltd. in London, both made such shifts recently. Mr. who was elected from the region of Berger, who manages the \$1 billion Chechen, does not want new electronships of the control of the co come Fund, got out of his proxy promised legislators they could hedges in early September, as the serve for the rest of their five-year

Treasuries: Port in a Storm?

Experts Expect Bonds to Be Spared European Reaction

Compiled by Our Staff From Dispatches NEW YORK - The U.S. Treasary bond market will have all eves on Europe this week, but analysts say it may be spared some of the more stormy reactions to the

U.S. CREDIT MARKETS

French vote on Maastricht and the weekend Group of Seven meeting. "Day by day we'll see how things unfold," said Doug Schindewolf, analyst at Smith Barney, Harris

During the week, the market has to tangle with a host of unknowns the fate of the European Monetary System, a new anction process for 2and 5-year notes, and the possibility of a chain of international interestrate moves, if the Bundesbank can be persuaded to cut.

On Wednesday, the Federal Re-serve will release its Tan Book report on current economic conditions. The report should form a basis for discussions and decisions on whether the Fed should push interest rates lower to stimulate the conomy when the policy-making Federal Open Market Committee meets Oct. 6. As for economic data, August

ing starts and durable-goods orders offer the prospect of mild improvement but analysts say the market will wait for the September employment report the following week before making a decisive judgment on whether the Federal Reserve needs to ease again or not.

When the market opens on Monday, it will have to cope with the vote but of the Group of Seven

meeting of finance ministers in

European volatility and into short-term U.S. instruments and the dollar as a temporary parking place."

Mr. Schindewolf said. The 30-year bond, he said, which has backed up in anxiety over the European situation, should benefit once the big questions are resolved, he added, with the front end losing

ground later. Ram Bhagavatula, chief financial conomist at Citicorp Global Finance, said reaction to the French vote would be minimal, though the yield curve, near historically steep levels, could flatten with yields on shorter U.S. securities rising.

This, he said, was due to improving economic fundamentals - inchiding money supply — making a Fed easing less likely. "Even M-2 is showing signs of life," he said. He saw little prospect of the long

bond improving greatly.

"As a first go-round we're not expecting to see a lot of capital flight into the U.S. on a Yes' or 'No' French vote," said Michael Casey, international economist at Maria Ramirez Capital Consultants Inc. An experimental system for sell-

ing \$25 in billion 2- and 5-year notes on Toesday and Wednesday could dampen enthusiasm for the securities until dealers get the hang of the new mechanism, analysts

U.S. Treasury securities eased last week as investors sought a re-spite from the chaos in Europe and curtailed their participation in

The market's beliwether security the 30-year Treasury, lost 12/32 of Some U.S. government bonds a point over the week, ending at 99 "may benefit from a flight out of 2/32. The issue's yield, which moves in the opposite direction of its price, inched up to 7.32 percent from 7.29 percent the previous

> aged to post small gains in prices as their yields eased slightly. Analysts said investors liquidat ed longer-term bonds ahead of the French referendum.

"Meteorologists caution never to venture outside in the eye of a hur-ricane," said Carl B. Weinberg, chief economist for High Frequency Economics. "Risk-averse investors - even many who are not so risk-averse -did not want to wander too far from home until after Sunday's vote."

The 10-year Treasury note ended Friday at 99 25/32 for a yield of 6.40 percent. The previous week, the 10-year paper ended at 100 2/32 for a yield of 6.36 percent. The 5-year note ended at 101 1/32 to yield 5.38 percent, compared with 101 9/32 the previous

The 3-year note ended at 100 24/32 to yield 4.33 percent, com-pared with 100 22/32 the prior

The 2-year Treasury note ended at 100 26/32 to yield 3.79 percent, compared with 100 23/32 a week

The 6-month Treasury bills were discounted at a rate of 2.90 percent to yield 2.97 percent against a rate of 2.95 percent the week before, while 3-month T-hills ended at a (Reuters, UPI)

BUSINESS BRIEFS

Taiwan Broker Detained for Defaults

TAIPEI (Renters) - Agents of Taiwan's Bureau of Investigation detained Lei Po-lung, a major stock market player, on Sunday for alleged involvement in a string of stock payment defaults that sent the market plunging last week, local media said.

Press reports said the defaults stemmed from efforts by the Hualon textile group to force authorities to allow its chairman, Oung Ta-ming, to be bailed out. He was arrested earlier this month for failing to appear in Mr. Lei told newspapers that he himself was responsible for the

defaults, which occurred because the Hualon group asked him to buy stocks but then declined to provide the money for them.

Suzuki to Run Pakistan Auto Firm

ISLAMABAD (Reuters) - Suzuki Motor Corp. of Japan has taken control of Pakistan's only car plant, saying it would improve efficiency and export cars to the newly independent Central Asian republics.

The company assumed management on Saturday of Pak Suzuki Motor Co., a nine-year-old venture with state-run Pakistan Automobile Corp., by increasing its equity to 40 percent from 25 percent, said Suzuki's president, Osamu Suzuki.

China May Drop U.S. Auto Accord

BELJING (UPI) - China has escalated its threats to retaliate against the proposed U.S. jet fighter sale to Taiwan, hinting that a deal to import American-made cars could be canceled if Washington went ahead with

the sale, an official newspaper said Sanday.

The \$130 million deal with General Motors Corp., Ford Motor Co. and Chrysler Corp., heralded at the time as a boost to the sagging fortunes of the U.S. car industry, is now on hold, perhaps permanently, the English-language China Daily said.

Hartmarx Sheds Retail Operations

NEW YORK (NYT) — Hartmarx Corp. has announced the sale of its battered retail operations, ridding itself of a business that was dragging down its healthy manufacturing operations.

Hartmarx Specialty Stores Inc., which operated 185 specialty stores, was sold for a \$43 million note to HSSA Group Ltd., a company affiliated with Maurice L. Rothschild & Co., a Chicago investment firm.

No Producer Plans for Coffee Cartel

LONDON (AP) — Brazil says there are no contingency plans for producers to act unilaterally to boost the depressed coffee market if negotiations opening Monday with importing nations on a new interna-

SEC Chief Pushes Stockholder Rights Plan

China Finance Minister

Backs Market Solutions

By David S. Hilzenrath

Washington Part Service
WASHINGTON — A watershed decision is drawing near at the Securities and Exchange Commission over proposals that could go further than any regulatory steps in recent memory to bolster the influence of shareholders in America's corporate boardrooms.

The SEC is expected to vote next month on two sets of major reforms. One would eliminate much of the red tape that makes it difficult for investors to exchange criticisms of corporate management or otherwise communicate with each other. The other would require company boards to issue clearer public explanations of the pay they give their top executives.

Advocates say the reforms would make the people who run corporations more accountable to the people who own them, from small investors to large pension funds.

Yeltsin Seeks Deal

(Continued from first finance page)

flation, or a 50 percent monthly rate, in October or November.

have also led Mr. Gaidar to ac-

knowledge publicly that the Rus-

sian government cannot meet the financial targets that it negotiated

earlier this year with the Interna-

tional Monetary Fund. Russie had

originally agreed to aim for a do-mestically financed budget deficit

of 5 percent of gross national prod-uct and a mouthly inflation rate in

single digits by the end of the year.

say that IMF officials are "ex-

tremely nervous" about the current

direction of the Russian economy.

A senior adviser to Mr. Gaidar Sergei A. Vasilyev, went so far as to accuse Mr. Gerashchenko and his

allies of "working to discredit the

government and the entire course

But the arguments advanced by

Mr. Gerashchenko and powerful in-dustrial lobbyists like Arkadi I.

Volsky are also about the need for a

stronger state hand in the managing of economic change and a slower transition toward a limited market.

the rapid economic changes in their lives. It is also a stance that is

to the institutions and power struc-

vatization. On Oct. I, the govern-

ment will distribute vouchers worth 10,000 rubles, or \$50, to each Rus-

sian citizen as his share of state-

owned property to invest or sell. No

one knows whether the program will be a success, but it will help establish

If it is successful, Mr. Yeltsin can

tell Russians, "You're the owners

now, and congress stands in the way." If it is a failure, it may

So the issues at stake are signifi-

legislative session, which opens on

Thesday with the smaller Supreme

Already, Mr. Yeltsin and the

speaker of the Russian parliament,

compromise. Mr. Khasbulatov.

terms, through March 1995.

They also fear the impact of pri-

tures of the old regime.

a new political context.

strengthen the opposition.

Politically, that is a popular stance for a people accustomed to strong leadership and confused by

of the reforms."

Senior Western diplomats here

Mr. Gerashchenko's policies

RUSSIA:

board members, say they would intrude upon management.

Regardless of their point of view, financial observers agree that the reforms could become one of Richard C. Breeden's most significant legacies as SEC chairman.

In addition, many say the package also could be his last major accomplishment at the agency. Mr. Breeden's term expires in June, and he has not appeared interested in seeking reappointment, said sources within the SEC. Moreover, sources close to the agency said that Mr. Breeden has given the impression that he is preparing to step down as early as this year, possibly to move to the private sector.

In his three years at the SEC, Mr. Breeden - an aide to George Bush when he was vice president - has butted heads with powerful interests, such as the Treasury Department leadership and the Commodity Futures Trading Commission.

Compiled by Our Stuff From Dispatches

BEUING - China's new 5-

nance minister, Liu Zhongli, has

made a bold call for a broad disen-

gagement of the state from the na-

tional economy, Xinhua reported.

"Enterprises should be left to sink or swim in the market," Mr.

Liu said in an interview Saturday

with China's official news agency,

adding that "the state coffer is no

He also said a general price reform was urgently needed.

Mr. Liu, 57, was deputy finance

minister in 1988-89. He was ap-

pointed to the top post Sept. 4 to replace Wang Bingqian, who held the job for II years. The shift was

made without explanation, but

came amid attempts to speed the

pace of reform a few weeks ahead

of the important party congress.

Mr. Wang was held partly re-sponsible for the size of China's

1991 budget deficit, which, at 20.7

billion yuan (\$3 billion), was 7 bil-

lion yuan more than planned. Re-formers accused him of bowing too

much to conservatives' demands.

"How can we keep a balanced budget if we have to devote almost 90 billion yuan a year to subsi-diet?" Mr. Liu asked.

lifehoat for them"

lost some of his biggest battles and emerged with the animosity of some influential adversaries. This week, Mr. Breeden suffered

a defeat when the House rejected a bill that would have given the SEC expanded powers to police trading in government securities. In the tug of war over the pro-

posed corporate governance reforms, Mr. Breeden needs only to persuade his three fellow SEC commissioners. The SEC has the power to make those changes without ap-proval from the White House or Congress. Mr. Breeden has been pushing to get the measures adopted quickly, and observers said the SEC seems determined to pass a strong version of the proposals.

Even opponents have "conceded the fact that this is going to happen, and so now they're trying to make adjustments around the margin," said Ralph V. Whitworth, president of the United Shareholders Critics, including groups that reo- He has developed a reputation as Association. "The basic concept of resent business executives and an activist chairman, but he has what they're proposing will go

Two-thirds of state companies operate at staggering losses, while public administrations are accused

Mr. Liu said that if China kept registering a large deficit it "will face growing inflationary pressure, which in turn will derail the devel-

opment of the national economy.

The new minister said, however,

that the government could go on

borrowing as long as the money was used effectively.

China's foreign debt was \$60.6 billion at the end of last year, and

its internal debt amounted to 130

billion yuan, while savings totaled

Mr. Lio blamed China's finan-

He called for reduced state subsi-

dies, acknowledging that the gov-ernment had tried to reduce grain

subsidies and free their prices as

However, he said general reform of prices was argently needed.

Double-digit inflation, triggered

by too-rapid growth in the late 1980s, led the government to

launch an austerity program in September 1988. That retrench-

ment only ended last year.
(AFP, Reuters)

cial troubles on its "irrational" sys-

more than I trillion yuan.

tem of allocating funds.

quickly as possible.

through," although "there may be some fine-tuning on some" of the proposals, said Louis M. Thompson Jr., president of the National Investor Relations Institute, which represents corporate management. One big question, however, is

whether a barrage of criticism from representatives of corporate management will move the SEC to rewrite or abandon elements of the plan dealing with executive compensation, participants in the debate said. Richard Y. Roberts, an SEC commissioner, said he agrees with the criticism that the SEC's plan would perpenate confusion over pay levels rather than clarify them.

A pair of powerful forces have converged at the SEC, belging to propel the related initiatives to the top of Mr. Breeden's agenda. Large institutional investors, such as pen sion funds, which own a major chunk of corporate America, have been agitating to translate their ownership into a louder voice within the companies whose stock they hold. Meanwhile, public controversy has swelled around the seeming ly generous sums many corporations have been paying their chief executives, especially in cases where profits have been shrinking and rank-and-file workers have

Euromarts At a Glance

Weekly Sales

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Source: Euro	clear, Ced	el.	
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	1-month	3-month	4-month
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Doutsche mark	8 11/76	9 13/16	8 13/16
Found sterling	10%	715/14	9
French frenc	1014	107/16	107/14
ECU	12	10%	101/2
Yen	47/16	41/76	3 15/16
Sources: Lloy			3 15

Last Week's Markets

All figures on	e as of clas	e of tradin	g Fridoy			
Stock In	dexes	1		Money Rates		
United States	5ept.18	Sept.11	Ch'ye	United States	Sept. 18	Sept.11
DJ Indus.	3,327.05	3,305.70	+ 0.65 %	Discount rote	3.00	3.00
DJ UNI.	220.33	221.83	-0.68 %	Prime rate	6.00	6.00
DJ Trans. S & P 100	1,286,64 372,30	386.63	+0.71 %	Federal funds rate January	3.00	3.00
3 & P 500	472.92			Discount	314	314
S&P Ind	477.94		+ 0.90 %	Coll money.	4 1/16	431
NYSE CD Britiskia	232.39	230.80	+ 0.69 %	3-month interbank	3 15/16	370
FTSE 100	2.547.00	2,370,70	+ 8.27 %	Germony		
FT 30	1,865.20	1,730.90	+491%	Lambard	91/2	94.
James				Call money	9.10	994
Nikkel 225 Permany	18,167,	18.108.	+ 0.23 %	3-month interbank <u>Britole</u>	9.30	9.85
DAX Home Kone	1,589.33	1,527,60	+403 %	Bank base rate Call money	10.00	10.00 9 15/16
Hang Seng Warld	5,669.32	5,537.29	+ 2.75 %	3-month Interbank	16 Sept. 11	1044
MSCIP	500.20	512.20	-234%	London p.m. fix.\$ 347.5		

BusinessWeek

This week's topics:

O Inside Hitachi

O The IMF Faces Its Biggest Challenge

O Old Debt Threatens Eastern Europe's Recovery

o 'Greater China' Is Becoming A Force

O Three Mutual Funds Bet On Beijing

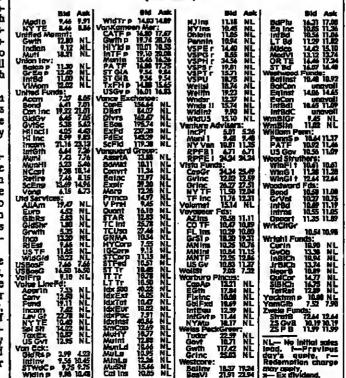
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Modern Facilities And Ancient Charm

Lyon is "in." The beautiful capital of the Rhône-Alpes region, surrounded by hills, lakes and wild game, is enjoying the effects of a boom and is working hard to make it last.

Nothing will stop Lyon's mayor, the 48-year-old Michel Noir, from working to transform his old and formerly stodgy city into the self-proclaimed "Euro-city" of the 21st century.

Better known for its contributions to the silk

Paris is two hours away by TGV

manufacturing, printing and banking industries, Lyon is also the birthplace of world-renowned companies such as Rhône-Poulenc, Péchiney and BSN. Boasting the second-largest pool of highly qualified workers in France after Paris, it is a hub of avant-garde activity in the fields of chemistry and para-chemistry, electrical engineering and electronics, textiles and clothing, optics, mechanical engineering, rubber and plastics

"Today, as the single market moves progressively toward implementation. Lyon's assets are becoming increasingly important, says Robert Maury. director of Lyon's regional development association. Aderly. "By virtue of its geographic position and the quality of its transportation, telecommunications and service facilities, the city is particularly well situated to provide maximal access to the French, Italian, Spanish and Swiss markets in particular."

Located at the confluence of the Rhône and Saône rivers, between

Northern and Southern Europe, Lyon considers itself a "crossroads" and is busy expanding its already impressive transportation network to establish itself as a vital link between the two halves of the continent.

The Satolas International Airport, less than 30 minutes from downtown Lyon, handles 3.7 million passengers annually on 52 international and 37 domestic flights offered daily by 21 foreign and national

airlines.

Six hundred thousand tons of goods transit the Lyon region daily. Lyon and the Rhône-Alpes region's highly concentrated road network provides direct access to Paris, Marseille and Toulon, as well as Barcelona, Turin, Milan, Geneva, Basel and Brussels. And large-scale navigation is possible on the Rhône river between Lyon and Marseille, providing access to the Mediterranean.

"The TGV [Train à Grande Vitesse, France's high-speed train) is a tremendous asset, says Paul Raffaitin, administrative director of Schering-Plough's research laboratory in Lyon, Served by two stations in the heart of Lyon (Part-Dieu, in the new business district, and Perrache), the TGV travels between Lyon and Paris in only two hours. Future extensions will bring Brussels, Frankfurt and Barcelona within a three-and-ahalf hour range, and an uninterrupted, high-speed route of 80 kilometers (500

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. It was written by Romy Joyce, a free-lance journalist

INTERPREDICTION FOR EUROPE



The Lyon mixture: steeples and skyscrapers.

miles) will constitute the north-south backbone of Europe's railway network on completion of the Channel Tunnel.

All this may explain why an increasing number of French and international companies are opting for the gentler climate, greener surroundings and attractive working conditions offered by the city.

Back in 1964, the International Agency for Research on Cancer set up residence in a 14-story building on the edge of the hospital district. Since then, Interpol (International Criminal Police Organization) has relocated its world headquarters from Paris to Lyon, where Hewlett-Packard, Schering-Plough, Caterpillar,

Unilever and others have also established industrial

and administrative sites.

Europe's own eabletelevision news channel,
Euronews (which will start
broadcasting in five langoages on January 1,
1993), chose Lyon from
among 15 European cities
(including Strasboorg,
Barcelona, Prague, Berlin,
Bologna and the ill-fated
Sarajevo) on the basis of
studies by consultants Arthur Andersen and a twoballot vote.

"The City of Lyon has proved a very responsible partner," says Euronews Director Pierre Brunel-Lantenac, who explains that, his channel received an array of incentives, including a free 99-year land and building lease, a 15 million franc (\$31 million) equipment subsidy and exoneration from professional taxes.

"The mayor, Mr. Noir, is an unconditional ally because he understands the political importance of the Euronews project," says Mr. Brunel-Lantenac.

The Lyon region is the most important industrial center in France after the capital, contributing 15 percent to 20 percent of national production in various sectors of activity and 12 percent of industrial employment. Its 60 banks (of which 24 are foreign), thriving stock exchange, international lawyers, patent attorneys. certified public accountants and city officials portray the city as a hub of trade, industry and research.

Long-term ground leases at reduced rates, tax credits, lower import duties on selected items, lowinterest-rate financing and cash allowances for job creation, business and science parks and the modem Eurexpo conference center are magnets for large and small companies. And 60,000 square meters of new office space, 800,000 square meters of warehousing and 850 acres of building land at prices much lower than those charged in Paris provide

added incentives.

"With real-estate costs at one-third to one-quarter those of Paris and a lower cost of living as well, Lyon is an attractive location for both national and international firms," notes a study by the U.S.-based Industrial Development Research Foundation.

In addition, top-rate educational facilities (three universities, 14 graduate schools, handreds of schools and a new Cité Scolaire Internationale opening this autumn), a vibrant cultural life, close proximity to six national parks and everyday access to the best cuisine in France should keep the Euro-city on the road to

"Everything is much easier bere," says Mr. Raffaitin of Schering-Plough. Referring perhaps to the city's new parking spaces, he adds, "In Paris, it takes a whole morning to see one person. In Lyon, you can see twice as many people in the same amount of time."



Transport links: Lyon's Part-Dieu train station provides swift connections to the rest of Europe.

Coming to Lyon?

The city that is world-renowned for its gastronomic delights also excels in the art of business travel. Following are a few facts and figures that explain why. Number of tourists a year: 7.5 million (of which 1.5 million are visitors to congresses, conventions or salons).

Number of business visitors a year: 4 million.

Number of hotels in Lyon:
Four-star: 8, with 1,002 rooms

Four-star: 8, with 1,002 rooms
Three-star: 22, with 1,690 rooms
Two-star: 52, with 2,581 rooms
One-star: 28, with 616 rooms
Leading venues for international events:

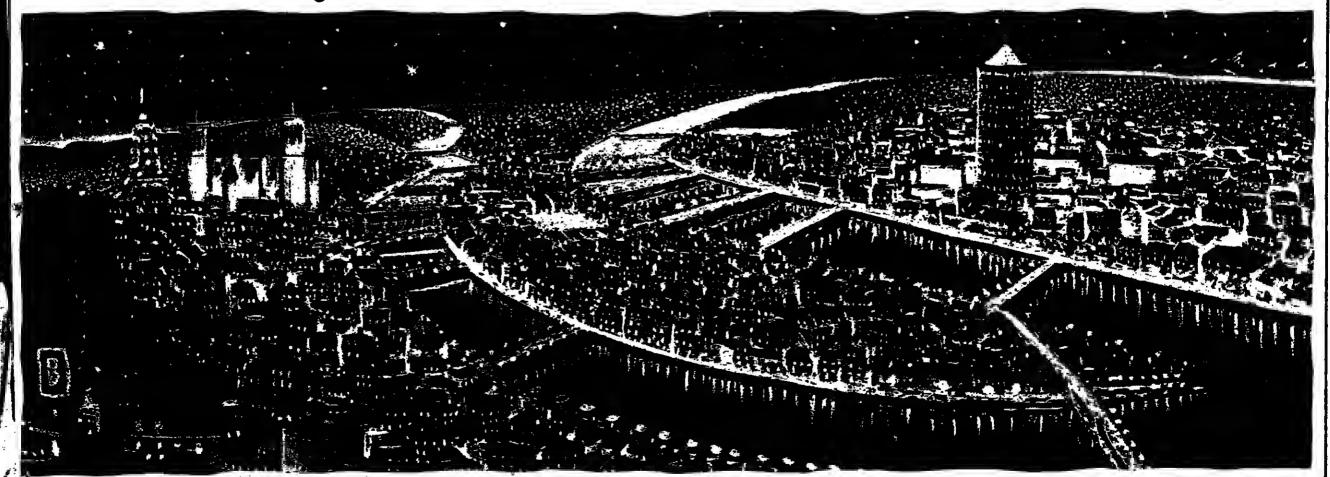
Palais de Congrès, tel: 78 93 14 14, fax: 78 89 01 71
Halle Tony Garnier, tel: 78 72 86 21, fax: 78 72 37 07
Espace Double Mixte, tel: 72 44 60 00, fax: 72 44 60 90
Espace Tête d'Or, tel: 78 94 69 00, fax: 72 44 06 23
Espace Albert Camus, tel: 72 37 13 91
Eurexpo, tel: 72 22 33 44, fax: 72 22 32 70
Le Radiant, tel: 78 23 84 02, fax: 78 08 40 47

Le Radiant, tel: 78 23 84 02, fax: 78 08 40 47
About 85 major events have been booked for these and other Lyon venues in the next year, including wine fairs, postage stamp exhibitions, film festivals, automobile shows, a biennale of contemporary art, a festival of sacred music, a festival of theater, conferences on education and technology and golf, tennis, moto-cross and other sporting championships.

Restamants:

One of the Michelin three-star restaurants is in the region: Paul Bocuse, at Pont de Collonges, tel: 78 22 01 40, fax: 72 27 85 87. In addition, the Michelin Guide lists 11 other starred restaurants in Lyon.

Lyon invented the Movies. No other city will ever do as much to set the world dreaming.



In 1895 the Lumière Brothers invented the movies in Lyon, France - and the city has been quietly making history ever since. The centenary of film-making is going to be quite an event!

Today, other major events are centered on Lyon involving national and international stars* from the fields of economics, business and research.

To all who trust the city, Lyon is a true friend, providing a base reputed throughout the world for its fundamental values - vital success factors such as balance, professionalism, autonomy and image. Uniquely privileged, with a top record for excellence and successful growth, Lyon is currently a candidate as the site for the Central European Bank. Euronews (the European News Channel) and Interpol have already chosen Lyon as the most viable site in Europe. The city is happy to welcome all Institutions whose future lies in European growth too.

LYON

Big things take place in Lyon

*To find out more about what goes on in Lyon, contact ADERLY
Economic Development Agency for the Lyon Region

20, rue de la Bourse - 69289 Lyon Cedex 02 - France - Tel. (33) 72 40 57 50 - Fax. (33) 72 40 57 35

Firms Empower Their Environment Men world stocks in review

By John Holusha New York Times Service

MIDLAND, Michigan — Four times a year, David T. Buzzelli, a vice president of Dow Chemical Co., prepares for a meeting that could have a major impact on the company's opera-tions. To get ready, he gathers information on manufacturing plans and product offerings, in-cluding material Dow considers confidential.

But this is no ordinary meeting of executives. Instead, Mr. Buzzelli will share the company's plans with a panel of outsiders comprising Dow's Corporate Environmental Acvisory Council.

Inviting environmental advocates to examine the way it conducts business is something new for Dow, which in the mid-1980s fought the Environmental Protection Agency all the way to the Supreme Court to prevent airplane inspection, of its emissions.

But it is typical of the things that have hap-pened since Mr. Buzzelli was named two years ago as Dow's first corporate vice president for environmental, health and safety matters.

Now, Dow has a program to cut its most significant toxic emissions in half by 1995. Plant managers who once ignored anyone beyond the fence are forming community advisory panels. And the company has pledged — at least in theory — to phase out products and applications that do not meet environmental standards.

Strong stuff for a company whose bestknown product may still be the napalm it produced during the Vietnam War. But Mr. Buzzelli insists that Dow, the second-largest U.S. chemical company after Du Pont Co. and the

OTC Consolidated trading for week

(Continued)

ended Friday, Sept. 18.

183 H

NASDAQ NATIONAL MARKET

maker of such best-selling consumer products as Saran Wrap and Ziploc bags, has changed.

The company's future, be said, depends on how well it manages its environmental responsibilities and how convincing its efforts are.

"This is not about altruism," he said. "We concluded that people who do not pay attention

concluded that people who do not pay attention to the environment will not be successful." Not everyone is convinced Dow has gone completely green. Daniel J. Weiss, a legislative affairs director of the Sierra Club, said Dow is a

leading member of the Chemical Manufactur-

ers Association, which he said routinely lobbies against laws aimed at reducing emission The company's engineers have realized they can save money by reducing pollution, but unfortunately that does not extend to their policymakers," Mr. Weiss said.

But Manik Roy, a scientist with the Environmental Defense Fund, which is not a member of the Dow advisory council, said the company's new openness is a good thing. "It's possible to work with these people, even if we do not agree with everything they say," he said.

The seven-member council includes Lee Thomas, a former administrator of the EPA; Joanna Underwood, president of Inform Inc., a New York-based environmental research orga-nization, and Anthony Cortese, dean of environmental programs at Tufts University.

Whatever the true depth of Dow's commitment to the environment, Mr. Buzzelli represents a new breed of environmental manager. In the past, many companies dumped the job

| STAT |

| Soles in | Ner | Horner | Ho

as president of Dow Canada, when he was tapped in August 1990 for his current post.

"The stigma is gone" said Mr. Buzzelli, who now reports directly to Frank P. Popoff, Dow's chief executive, and is a member of the company's top-level management committee.

the organizations of many corporations, as the complexity and cost of meeting anti-pollution regulations has risen and public concerns about the environment have been translated into such laws as the Superfund and Clean Air acts. In fact, is Mr. Buzzelli - and his counter-

parts at other companies — who could wind up holding the bag if a major environmental disaster occurs. Defense lawyers warn that recent anti-pollution legislation and sentencing guidelines could make environmental managers the subject of criminal prosecution.

The job used to be part of manufacturing, added Ladd Greeno, a consultant at Little. Now, he said, "it includes research and devel-

and part pitchman, spending about half his time on internal company affairs and the rest on a staff type with little influence. But Mr.

Buzzelli was an important line manager, serving groups, giving interviews and making speeches.

European money markets, with share prices closing higher in heavy trading. The CBS all-share index gained 6.3 points during the week, to close at 199.40 on Friday.

Volume soared to 29.2 billion wilders from 11.9 billion wilders. People like Mr. Buzzelli are showing up in

According to Arthur D. Little, a consulting firm in Cambridge, Massachusetts, 49 of the top 100 manufacturing companies in the United States had vice presidents in charge of environmental affairs in 1991, up from 38 in 1990.

opment, sourcing, sales and marketing, community relations and stockholder relations." Indeed, Mr. Buzzelli says he is part executive

Hong Kong

Share prices rose overall in a week of broad fluctuations; the

High Low Close Chies

170 4 ¼ 3% 4 ½

1462 0 17 19 — ½

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1002 32 21½ 21½ — ½

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152 32% 4½ 5 ½ 12½ — ½

153 32% 4½ 5 ½ 12½ — ½

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552 7¼ 6½ 7 + ½

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Amsterdam

The Amsterdam market renained calm amid the turnoil on

guilders, from 11.9 billion guilders

the previous week. Frankfurt

Frankfurt stocks rode out the storm that buffeted European financial markets, to post large gains, the DAX index rose 61.5 points during the week, to finish at 1,589.3 on Friday. Volume on the eight German ex-

changes rose to a total of 36.02 billion Deutsche marks for the week, against only 21.2 billion DM

lowing the moderate cut in the Bundesbank's key interest rates.

The Milan bourse was steady last week, despite the crisis on Europe-

Hang Seng Index, the market's an money markets and the devalua-main barometer, gained 152.03 tion and suspension of the lira from the European Monetary System.

The market's MIB index hit its Average daily turnover was lowest point of the year, at 696 1.523 billion Hong Kong dollars, points, on Wednesday, but recovup from the previous week's 1.45 billion dollars.

London

The collapse of sterling and its withdrawal from the European Monetary System caused shares to soar as dealers foresaw falling interest rates.

The Financial Times-Stock Exchange 100-share index ended Friday up 196.1 points, or 8.3 percent, The index rose 2 percent on Monday alone, when the Bundes-

bank lowered interest rates. The increase in rates in Britain, to 12 percent and then 15 percent on Wednesday, depressed the ex-The market started the week off with a surge on Monday, jumping 4.4 percent, but it eased back following the moderate of the EMS. Thursday, and frenetic dealing en-sped; prices soared.

Milan .

Sales in Net 100s High Low Close Chae

Total turnover for the week fell 6.1 percent, to 148.6 million shares. day, for a gain of 21 points for the Tokyo week. Volume rose to an average of 70 million shares a day, from 50

million the previous week.

The Paris Bourse shook off jitters ahead of the Maastricht referendum to post solid gains. The CAC-40 index gained 80.95

points during the week, to close at 1,882.94 on Friday. Analysts said share prices were buoyed by expectations, which grew in the course of the week, that French voters would approve the Maastricht treaty and that French Zurich

1,60

Singapore
Share prices lost ground on the Singapore stock exchange, with dealers citing currency confusion in Europe and weaker stock markets

interest rates might be cut.

The Straits Times industrial index shed 27.38 points during the

week to close at 1,341,86 points on Friday. The broader-based All-Singapore index eased 203 points to finish the week at 360.79.

Share prices were mixed in lackluster trading during a holiday-shortened week on the Tokyo Stock

Exchange. Investors were cautious ahead of Saturday's Group of Seven meeting in Washington and Sunday's French referendum on the Maas-

tricht treaty.
The benchmark Nikkei average of 225 blue chips closed at 18.166.80 Friday, a gain of 0.33 percent for the week.

Foreign investors helped push share prices higher on the Zurich exchange, as they fled markets more vulnerable to turmoil on the European money markets. Bank and insurance companies were especially sought.

The Swiss Performance Index gained 3.5 percent during the week, to close at 1,157.63 on Friday.

(Continued on next page) ...

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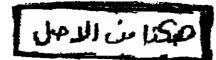


There's more than sufficient legroom in THY's interior for your comfort. But of course, comfort isn't merely a question of space between seats.

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SPORTS BASEBALL

Braves' Big Inning: 4 Homers in 6th

Atlanta Hitting Crushes Astros, 16-1

The Associated Press

The Atlanta Braves matched B club record with four home runs in an inning and set a season high for runs on Sunday, routing the Hous-tion Astros, 16-1, in Atlanta

David Justice, Brian Hunter and starts since May 31. Ron Gant hit consecutive home runs in the seven-run sixth inning off Al Osuna, and Mark Lemke homered one out later off Rich Scheid.

Atlanta, which ended a threegame losing streak, maintained a

NATIONAL LEAGUE

1

Hard in the Mirm

enders Think Po

7½-game lead over second-place Cincinnati in the NL West, Justice and Terry Pendleton drove in four runs each for the Braves, who low-ered their magic number for e sec-ond straight division title to seven.

Pendleton also drove in his 100th run of the season. The Braves became the first team

the Braves hit four in an inning was on June 21, 1971, when Mike Lum, on June 21, 1971, when Mike Lum, Hal King, Hank Aaron and Darrell Evans did it against Montreal.

Steve Avery (11-10) won for the first time in seven starts since Aug.

Mets 7, Expos 5: In New York, Chico Walker singled with the bases loaded to snap a 3-3 tie in the eighth, Eddie Murray followed the control of the contr

Mets 1, Expos 0: In New York, Sid Fernandez pitched a five-hitter for the Mets' victory, and the Mets took two of three games over the weekend from the Expos, hurting Montreal's chances of catching first-place Pittsburgh in the NL

Fernandez (13-10) struck out 10 his previous two starts against New York this season, including a

sesson for Fernandez and the victory and Barry Larkin drove in eighth of his career. It was the left- three runs, hander's fourth complete game.

Tim Belcher struck out a career-high 13 and Dave Martinez hit a his first save. two-run homer for the Reds's . Astros 3, Braves 2: In Atlanta,

fourth consecutive victory, Belcher (13-14) scattered seven his first home run since Sept. 24, hits and walked none in his second 1991.

complete game. He has struck out 10 or more eight times, including three times this season. Greg Harris (2-8) gave up four runs for San Diego and eight hits in 4/2 innings. He is winless in eight

Cardinals 16, Cubs 4: In Chicago, Stan Royer hit his first major league homer and drove in four runs, and Geronimo Pena'o threerun double capped a six-run first

inning. St. Louis got 22 hits.

Ryne Sandberg homered for the fourth time in six games, bitting his 24th homer of the season in the seventh inning. Shawn Boskie (5-10) faced seven batters and retired none in the shortest start of his

major league career. Bryn Smith (2-1), who relieved Mark Clark in the fourth, allowed one run and three hits in four in-

■ In games Saturday:

Pirates 3, Phillies 0: In Pittsto homer four times in an inning burgh, Dong Drabek scattered since the Detroit Tigers did it on eight hits in his ninth complete Sept. 10, 1986. The only other time game and matched a career high with 11 strikeouts. Drabek won his

> with an RBI single, Jeff Kent walked with the bases loaded and Todd Hundley hit a sacrifice fly.

Cubs 6, Cardinals 5; Cardinals game, to give St. Louis a split, Ryne Sandberg went 5 for 5 in the doubleheader with four walks

and walked two in beating Ken Hill and three RBIs. He tied the second-(16-9). Hill had shut ont the Mets game with a two-run homer in the ninth off Lee Smith. Reds 5, Padres 2: In Cincinnati. one-hitter.

Bobby Ayala pitched seven shutout
It was the second shutout of the innings for his first major league

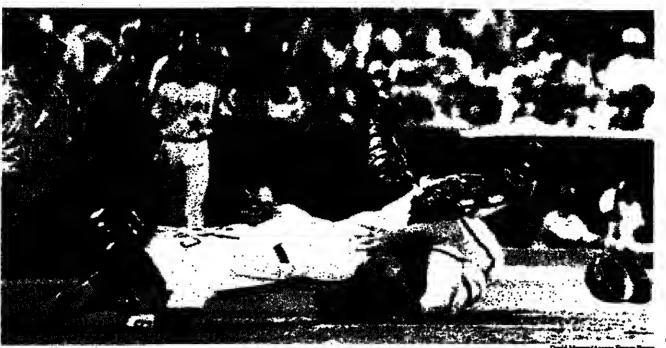
ander's fourth complete game.

Montreal won 12 of 18 games

Giants 3, Dodgers 6: In San
Francisco, Jeff Brantley and Bill from the Mets this year.

Neds 6, Padres 1: In Cincinnati, with Brantley making his second

Ernest Riles led off the 12th with



Houston's Ken Caminiti colliding with Atlanta's Greg Olson. Caminiti was out, but Olson broke his

When Little Leaguers Copy Their Elders

By Tom Callahan

Washington Post Service

WASHINGTON — The axiom used to be that, no matter how deprayed society got, civilization would still be able to look itself in the eye as long as nobody fixed the Sosphox Derby.
Twenty years ago, this had to be amended.
One of those \$75-maximum crates was found to be a \$22,000 wind-tunnel job with an electro-

magnet hidden in its nose cone. When, against astronomical odds, two chil-dren from the same Colorado household took consecutive

derby championships in 1972 and



gators were unleashed. At the bottom of the scandal, beneath several layers of fiberglass, they uncovered a father.

So the adage became: No matter what hanpens next, everything will be fine as long as nobody fixes the Little League World Series. On Thursday, this maxim also became inop-

For employing eight ineligible players, includ-ing some of dubious age, the Filipino Little Leaguers of Zamboanga City (and, it turns out, Manila and Isabela) were stripped of the title they won first in narrow preliminaries against Taiwan and the Dominican Republic and then in a smashing final over Long Beach, California.

Deborah Burroughs, wife of the Long Beach manager, mother of a chubby pitcher, dedicated the defaulted crown to the 21 American

champions in the last 26 years.

"We feel from looking back that this has happened many times in the past and it had just never been investigated," said Burroughs. "The Dominican kids were obviously men. Our coaches said you could tell in the showers. At least the Philippine kids were smart enough to use Nair."

There are only two things that have to be said about this, both of them impolite. One concerns baseball and the other has to do with parents. Only bow-tied dreamers miss the obvious fact that baseball, our national pastime, is a generally low and base game played by generally low and base people. In baseball, fair play is an exceedingly relative term. Outfielders are expected to hold trapped balls aloft as if they

caught them. Cheating is considered charming.
It has always been this way. While a third baseman in the American Association, the great John McGraw was amazingly deft at slowing down base runners until the day Pete Browning undid his buckle between second and third and left McGraw holding the belt.

With defiant candor last week, the Baltimore Orioles' manager, Johnny Oates, spoke of the contrivances he is considering for next season in

contrivances he is considering for next season in the matter of Cal Ripken's specious chase of Lou Gehrig's record 2,130 straight games played.

"There's nothing in the rule book that says Junior has to play nine innings every day to keep the streak going," said Oates, who is thinking of lifting him occasionally in the first inning. If Ripken is a bit of a fraud, well, Gehrig was a bit of a fraud. That's how baseled! thinks of a fraud. That's how baseball thinks. It is as plain as the nose on Cal Ripken Sr.'s

face that Junior did not play his way into omnipresence this year. As his tote board passed 1,700 consecutive games, he was ceded his daily place for commercial reasons, or some other reasons, that had nothing to do with the momentary good of the player or the ultimate well-being of the team.

Rob Dibble and Lon Piniella rolling around in their knickers last week cursing and fighting over who was or wasn't being treated like a man recalls the old line that baseball is a game grown men try to play like little boys and little boys try to play like grown men.

Little League baseball is a game grown men and women play from the stands. The teams are stacked. The fields are proving grounds. The manager's relatives do most of the pitching and catching. The parents bring the pressure and chatter: Good eye, good eye. Be a hitter in there. Looked good from here, ump. What, are you blind, ump? Swiiiinnngg, batter.

Dock Ellis's consin put a baseball in his baby crib, as fathers occasionally do. A quarter of a century later, Dock was doctoring a ball in a World Series, Now, there's the American Dream.

"Our Philippine leaguers defeated the American champions in their own national sport, in their own homeland," said Aramando Andaya, resigning his position as administrator of the Philippine Little League. "The Americans in Williamsport just could not take it at the hands of the Filipinos. Hence, they scrounged around for some reason to overturn the victory." But everything will be all right as long as nobody fixes the national spelling bee.

White Sox Defeat Indians as Thigpen Gets 200th Save

Bobby Thigpen became the youngest pitcher to reach 200 saves and Ron Karkovice drove in four runs, two of them with a tie-break-

The 29-year-old Thigpen got four outs for his 22d save of the season, joining 13 other relievers with 200 career saves. Bruce Sutter, Lee Smith and John Franco all accomplished it at age 30.

Robin Ventura had three hits, including a two-run homer, and

AMERICAN LEAGUE

Joey Cora and Dan Pasqua also had three hits for the White Sox, who concluded a 5-1 road trip. Cora singled, doubled and tripled, scoring twice, and Pasqua drove in

Karkovice had seven RBIs in the

Mike Dunne (1-0) gave up four runs, one of them imearned, in four innings in relief of Wilson Alvarez,

four-run second inning and stopped Rangers 7, Blue Jays 5: In To-streak at 10. ronto, Jose Guzman outpitched
Juan Guzman and Texas held off
California, Julio Valera pitched a the Blue Jays, ending a three-game five-hitter, struck out six and walked winning streak

The Blue Jays fell behind 7-0 in the fifth inning. Their rally fell Tim Nachring, whose sole home short, and the AL East leaders lost run put Boston ahead in the eighth for just the sixth time in 21 games. inning, made a two-run throwing
Jose Guzman (15-11) held Toerror with two outs in the ninth that ronto hitless for 41/3 innings. He gave the Tigers the victory. went 6% innings and gave up three Indians 5, White Sox 4: in Cleveruns on five hits and live walks, and land, Reggie Jefferson, recalled struck out nine.

for seven runs, six of them earned, on nine hits in four innings. His ERA, which was third-best in the AL at the start of the day, went bled and tripled to raise his career in the care of the day. from 2.49 to 2.65. Red Sox 5, Tigers 4: In Detroit,

John Valentin drove in three runs the career list, and broke a seventh-inning tie with Brewers 4, Orioles 1: In Milwaua solo homer for Boston.

first time in five starts. In his last wanker moved past Baltimore into two games, he had allowed II runs second place in the AL East by

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Viola gave up two runs on five hits in seven innings, and Greg Harris threw a wild pitch in the ninth that scored a run.

Yankees IO, Royals 4: In Kansas ing homer in the fifth inning, as the City, Missouri, Don Mattingly and Chicago White Sox beat the Indians, 10-8, Sunday in Cleveland.

its six-game losing streak.

Mattingly's two-run double keyed a three-run seventh inning that put New York ahead, 5-3. Kel-ly's three-run double highlighted a

five-run eighth.

The Yankees hit seven doubles, tying their season high and matching a Kansas City mark for most doubles allowed. Danny Tartabull hit his 23d home run for the Yankees. Matt Nokes had his first three-hit game since Jnne 6 and Charlie Hayes also had three of

New York's 16 hits. ■ In games Sacurday:

Blue Jays 1, Rangers 0: In To-ronto, David Cone combined with weekend series despite playing in a pair of relievers on a four-hitter only two of the three games.

for the second straight game.
Mariners 6, Athletics 4: In Seat-tle, the Mariners ended their clubwho didn't ourvive Cleveland's record losing streak at 14 games four-run second inning. and stopped Oakland's winning

Tigers 3, Red Sox 2: In Detroit.

from the minors two days earlier. Juan Guzman (15-4) was tagged had three hits, including a two-run

hit total to 2,987. Brett tied Hall of Famer Sam Rice for 18th place on

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kee, Chris Bosio won his team-re-Frank Viola (12-12) won for the cord ninth straight game and Milbeating the Orioles.

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SPÖRTS

Roe Beats the Stars In Lancôme Golf

Compiled by Our Staff From Dispatches SAINT-NOM-LA-BRE-TECHE France — Mark Roe of Britain fought off the stars in an elite field to capture the Lancôme Trophy here on Sunday. Roe rettled home three birdies in

the first three holes to take a lead he would never relinquish and pick up the biggest prize of his eight-year The 29-year-old Englishman

shot a final 5-under-par 65 over the 6,177-meter (6,661-yard) Saint-Nom course to finish 13-under at His \$148,000 victory check

boosted his season's earnings to \$316,024 and lifted him to 20th on the European money list. "So often my mind would wan-

der at crucial moments in the past. but this time I concentrated," Roe said. "I)'s obviously the biggest win of my life."

While Roe was in the top five three times this year, his only previous European title was the Catalan

Roe firmly stroked in birdies from six meters, 1.5 meters and 7.5 meters to faunch his victory bid. A dropped shot at the 4th hole, when he was bunkered, was followed by birdies as the 8th, 10th and 16th, At the 14th he hooked his drive but his ball, heading for trees. bounced off a spectator's thigh and

graph. I owe her a kiss." Argentina's Vicente Fernandez fired a 64 to slip finish second at

269, two shots behind Roe. A recent winner of the English Open. Fernandez now moves up to 12th in Europe with total prizemoney of \$384,407. Fernandez had six birdies and

never strayed over par Sunday. Two Englishmen, Steven Richardson, who fired 63, and Jim Payne, who carded 68, were joined in third place by Argentina's Eduardo Romero, 68, a further stroke back at 270. Spain's José-Maria Olázabal.

hampered by tendinitis in the wrist, had a 69 to finish sixth at 271. The overnight leader, Peter Senior, dropped to 7th place at 271

after a 71. Nick Faldo, the world and European No. I, shot a 67 to finish 17th

at 276. Faldo said he was happy with his form in a tournament in which he has never done well - despite missing our on the chance to equal Severiano Ballesteros's record of four consecutive wins on the Euro-

"Four in a row was a tall order, especially here," he said.

• In Hiroshimacho, Japan, Masashi (Jumbo) Ozaki shot an evenpar 72 on Sunday to win the ANA

Open tournament by four shots. Ozaki, who started the day with a four-sho) lead, finished with a 280, Roe said, referring to the woman 8 under par on the 6,454-meter

conterv (8) and Machariane, W—Picharda, 9-S.
L—Kamleniecki, 5-12. Su—Monfgomery (25),
Chicope
Cleveland
202 828 861—7 W 2
McCaskill, Leach (6), Hernandez (8) and
Karkovice; Milcki, Nichols (5), Wickander
(A), Pewer (7), Lilliauist (9) and Critz, W—
McCaskill, 16-12. L—Milcki, 9-1, SV—Hernandez
(111. HRs—Chicopa, Raines (6), GBell
(22); Cleveland, Belle (21), GHIII (77),
Baltimare
90 872 713—4 11 1
Milwaukoe
43 641 80x—12 77 8
Suffides
Sufferents (3), Williamson (5),
Flanapan (6) and Holles, Tackett (7); Eldred,
Orasco (7), Fetters (7), Plesoc 18), Heaton (9)
and Nilsson, McInhalt (9), W—Eldred, 9-1, L—
Sufcliffe, 16-13, HRs—Baltimore, C, Ribken
(13), Orsalak (4); Milwakes, G, Vougin (21),
Lies Scores Met Avallable:
Minnesota 4, Colifornia 1
Oakland 7, Seattle 4

NATIONAL LEAGUE



Sapporo Golf Club course. It was Frost posted four birdies for a 6his fourth triumph of the season and the 75th of his career Ryoken Kawagishi had the day's strokes after three rounds.

best round, a 68, and finished sec-ond at 284, followed by Naomichi Ozaki. Masashi's brother, at 285 after a closing 69.

Greg Norman of Australia shot a 72 and was among three golfers tied for sixth at 287.

• In Coal Valley, Illinois, David

Bubka Again Sets Record in Pole Vault

Compiled by Our Staff From Dispatches TOKYO — Sergei Bubka broke mibia was third in 10.27. his own world record in the pole In the women's 100 meters. vault when he soared 6.13 meters (20 feet, 11/2 inches) at an interna-

tional athletics meet in Tokyo. The 28-year-old Ukrainian broke his previous mark of 6.12 meters, set on Aug. 30 in Padua,

Bubka, a three-time world champion and the 1988 Olympic champion, comfortably cleared the bar Saturday at his first attempt at the height before a crowd of 60,000 at Olympic Stadium in Tokyo. Bubka had earlier cleared 5.60 and 5.80 meters.

It was the third time this year that Bubka has broken the world record. But he failed to clear a height at the Barcelona Olympics

"I would like to keep jumping until the 1996 Atlanta Olympics," Bubka said. "Right now I'm training to jump more world records. It's my main motivation." His nearest competitor was

Maksim Tarasov of Russia, who cleared 5.70 meters. Bubka's elder away from the pack late in the race brother, Vasili, was third with 5.60. and finished clear of Alois Niji-In the final track event of the gama and Yosuke Osawa of Japan. day, Carl Lewis, who set the world 100-meter record of 9.86 seconds in Tokyo last year, was beaten by his

Mitchell, the Olympic bronze ple jump champion, Mike Conley, medalist, got off to a fast start in the 100-meter A heat to clock 10.18 and Masaki Morinaga was third at seconds, ahead of Lewis, who ran it 7.91.

American compatriot Dennis

in 10.25. Frankic Fredericks of Na-

In the women's 100 meters, Juliet Cuthbert of Jamaica was out of the blocks first but within meters, Gwen Torrence of the United States caught her and held on to win. Torrence clocked 11.43 seconds. Cuthbert followed in 11.76, and Toshie Kitada was third with a time of 12.07.

The U.S. men's 4 x 100-meter relay team, which included three of the four athletes who set the world record and won the event at the Barcelona Olympics, sped to an easy victory over two Japanese teams with a time of 39.18, well off the world record of 37.40.

Mike Marsh, the Olympic gold medalist, sailed to an easy victory in the 200 meters, clocking 20.59 seconds. Heard came in second with a time of 21.23, and Hiroki Fuwa of Japan was third in 21.34. No one was close in pursuit of Khalid Skah of Morocco as he crossed the finish line to win the men's 10,000 meters in 27 minutes, 55.88 seconds. Skah, the controversial Olympic champion, pulled

Mike Powell flew 8.36 meters in the long jump, shy of the 8.95 meter world record he set at the same site a year ago at the World Championships. The Olympic tri-





SCOREBOARD

"She saved me one or two shots,"

Major League Standings

hrough Sqturday's Game AMERICAN LEAGUE

Montreat St. Louis Atlanta Cincinnati San Olega

Friday's Line Scores

AMERICAN LEAGUE (6) and Rodriguez, Stepher's (5); Key, Elchham (9), Wells (9) and Borders, Servage (8), W-key, II-13.L.—Grown, N-10.HR—Toronto, White (16), Winfield (25), Martinez (1), Dopson, Young (3), trying (7), Fossos (8)

MATIONAL LEAGUE

S1, Louis 900 122 466—7 7 8

Chicago 92 849 382—9 14 1

Tewksbury, B. Smith (4), McClure (7), Carpenter (8) and Gedrinan: Builinger, McElroy (7), Robinson (7) and Wilkins, W.—Robinson, 4.

1. L—B. Smith, I-), HRS—3t. Louis, G. Pena (7), Chicago, Sendiers (22), Dawson (71), May (8), Moutrest 100 218 646—16 14 1

Mew York 908 858 616—4 11 8

Krueger, Gardner (5), Battenfield (7), Fassers (9) and Fleicher, Loker (7); Gooden, Jones (8), Dowey (9), Vifix (9) and O'Brien, Hundley (9), W.—Gardner, 12-R, L.—Gooden, 8-13, HR—Montreol, Cordera (1), San 20190 628 888 888—2 7 2 Ja. HR—Montreet, Cordera (1), San Diepo, San Diepo, Clockenati 102 888 lax—6 8 Hurst, Maddux (7), Rodriguez (7), Melen-dez (7) and Santfasor Push, Foster (7), Hiji (8), Obbite 17) and Others, W—Push, 3-1, L— Lanct 1.48 Exemplate (1).

SVI Inclines)

Mulholland, Hartley (4) and Daultan; Wakefield and Staught, W—Wokefield, 4-1, L.—Mulhalland, J3-11. HRS—Pittsburgh, Bonds (30),
Heuston
13-10. 96 989 989 989 989 989

Allanto 013-098 989 989 989

Hornisch, Hernandez (4), Murphy (8),
Scheld (9) and Servais, Toubersee (7); Leibrondt, Reynoso (3), Freenton (5), St. Claire
(7). M. Davis (8) and Olson, Berryhill (5),
Lovez (9). W—Harnisch, 8-10. L.—Leibrandt,
12-7. HR—Arighta, Gant (15).

Line Score Not Available: Las Angeles II, San Francisco 4

Saturday's Line Scores AMERICAN LEAGUE

AMERICAN LEAGUE
Chicago 180 219 696—8 7 8
Cleveland 888 682 128—5 7 8
AcDowell Radiasty (8.), Thiosen (8) and
Fisk; Cook, Plunk (9), Liffiquist (9), Ofin (9)
and Levis. Oritz (9). W—Picnk, 9-4, L—MoDowell, 29-8 Sv—Olin (27), HRS—Chicago.
Thomas (24), Bell (24),
Texas 980 880 980—8 4 1
Teranto 888 881 982—1 4 8
Chicagorino, Nunez (0) and Radriguez;
Cone. D. Ward (8), Henke (8) and Borders.
W—Cone. 3-2, L—Chicagorino, 0-3. Sv—
Henke (30),

Henke (30).

Baston 848 881 918-2 4 3
Detroit 980 919 92-3 4 9
Douvis, Herris (7) and Pena; Tanona and
Krevier, W-Tanoma, 13-9, L-Nairis, 3-9,
HR—Boston, Nacirina Cil.
Baltimore 8W 868 968-1 4 1
Mitworker 868 280 11x-4 7 8
AKCDonold, 5. Davis (7), Peale (7), Frahwirth (3), Olson (8) and Holles; Boslo, Grosch
(8), Holmes (9) and Syrhoff, W-Boslo, 15-5,
L-NACDonold, 12-12, Sv-Holmes (4), HR—Baltimore, Holles (20).

L-MACDenoid, T2-72. Sw-Holmes (4). HR-Bottmore, Holles (20).
Blee York 22 800 639-4 8 2 Kansas (Zity 298 629 72:-7 12 9 Peruz, Nielsen (6), Springer (8) and Stan-ley, Leyritz (7); Rostnidert, Magnante (8), Megcham (8), Montgomery (9) and Macfor-lane, W-Rosmusten, 2-0, 1.—Perez, 72-)5. Sy-Montgomery (36).

Sv-Montpomery (36), Oxford 218 819 889-6 9 1 Seattle 966 889 805-6 9 9 Welch, Downs (5) and Guirk, Morcoles (6), Steinboch (8): Leary, Sevan (6), DeLucia (7), Netson (8) and Volte, W-Leary, 7-7, 1,—Welch, 16-6, 5v-Nelson (5), HR-Oxford, Sierro (16), Minneson 19 da. S. - Neison (5), HR. - Ooktond, Service (6), Alaneacht 806 600 601-11 2 6 Chilfronid 911 601 12x-5 9 6 Toponi, Coston (3), Banks (3) and Parks, Webster (5); Vuleru and Orton, W. - Volera, 8-10, L. - Troboni, 15:11 ni, 15-71.

Sen Frenchen 18 90 112-3 11 8 Oleda, KLGross (8) ond Sciencial Brantley. Swift (7) and Decker. W-Brantley. Oleda, 4-9. Sw-Swift (1)

rna, Corpenter (4). Partz (7) and Ged-Pagrocci (7); Costillo, Assemmoter micn (7) and Girardi. W—Costillo, 9-10. orna. 19-8. Sv—Scomkon (14). Second Geme is 402 280 101 1—1) 14 0 o 410 600 602 0—18 [1 3 (10 instance)

under-par 64 co Saturday to lead the Hardees Golf Classic by five

Frost breezed to a 16-under 194

total after 54 holes on the 6.175-

meter Oakwood Country Club

course, putting him in a position to

repeat his performance at the Buick Classic in June, when he won by

(AP, AFP, Reider

leading wire-to-wire.

Chicago 410 866 662 6—18 [1 3 Cili Instituto 3 Cili Insti

Japanese Baseball

W L T Pct, O8
63 52 2 347 —
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55 63 1 471 9
53 64 0 A45 12 Honshin Yakuli Yamburi Hiroshima Talyo Chunichi

Hensida 5, Talyo 1 Yakuli 2, Vomiuri 1 Hiroshima 7, Chunichi 2 Seeday's 6 Yokuli 5, Yomkuri 2

Kinjetsu 2, Latte 1 Dalel 2, Nippon Hom 6 Kintetsu 5. Latte 1

FOOTBALL **Major College Scores**

EAST
Boston College 28, Novy 6
Colonte 17, Fordham 7
Dortmouth 34, Penn 17
Delaware 31, Rhede Island 14
Harvard 27, Columbia 28
Howard U. 75. Chembia 28 Howard U. 75, Cheyney 6 Lafayette 49, Buffalo 20 Lotsyette 49, Buffala 20
Massochisetts 7, Hoth Cross 3
New Hampshire 28, Lehlish 14
Northeostern 47, Mahie 36
Chlo St. 35, Syrocuse 12
Pena St. 32, E. Michison 7
Princeton 22, Carnell 20
Towens 52, M. Buckell 20
Towens 52, M. Buckell 20 Towson St. 24, Bucknell 21 Villanova 36, Richmond 33 Virginia Teich 26, Tempile 7 West Virginia 24, Moryland 33 Vole 22, Brown 17

Alcorn St. 32. Alabama 31. 7 Auburn 30, L5U 28
Citadel 26, E. Tennessee St. 7
Deloware St. 31, Bethane Cooky Duke 17, Rice 12 E. Kentucky 24. NE Louisiana 21 E. Konsucky Z. NE Louisiana 21
East Corolina Zil, South Corolina
Florida St. 34 N. Carolina St. 13
Furman 43, Presbyterion 7
Georgia 56, Cal St.-Fullerion 0
Grumblins St. 28, Tennessee St. 2
Jonnes Madison 38, Holstra 6
Kenharia Zil (Artica 16) Kentucky 37, (ndlona 25 Liberty 24, Concord 8 Marsholl 34, VMI 16 Misarl 28, Florido A&M 6 Misa Volley 51, 19, Miles 6 Misalssippl 51, 28, Memphis 52, 16 N. Carolino A&T 52, Memper 51, 21 North Carolina 22, Army 9 Somford 27, Tennessee Tech 13 Southern Miss. 16, Louistone Tech thern Miss. 16. Louisiana Tech 13 thern U. 19, S. Carolina St. 18

Troy 5t. 20, Cent. Florido 16

William & Mary 21, Boston U. 21 MIDWEST Ball St. 10. Kent 6 Cent. Alichigan 24, Ohio U. 6 Colorado 21, Alianesota 20

Colorado ZI, Allinois St. 9
E. Illúnois 48, Murroy St. 9
Indiano St. 12, Illúnois St. 7
Iava St. 38, Tutane 14
Komaos St. 37, Martana 12
Allomi, Ohle 17, Carcinnati 14
Alichigon 33, Oktairoma St. 3
N. (over 49, Idaho St. 11
Notre Dome 52, Michigon St. 31
S. Illinois 27, Austria Pary 7 5. Illinois 37, Austin Pecy 7 5W Missouri St. 35, North Texas 10

Tesas A&A 24, Missouri 13
Teledo 31, Purdue 29
W. Illinois 31, W. Kentucky 30
W. Michigen 24, Alcron 29
Wisconsin 39, Bowling Green 18
SOUTHWEST
Alabama 38, Arkanaes 11
Baylor 45, Utoh 51, 10
Hayaton 31, Miscola 13 Boylor 45, Usin Sr. 10
Houston 31, Hilnols 13
Konsos 40, Tutso 7
Longston 31, Printle Yvew 0
N, Illinols 31, Arkonsos 51, 8
New Mexico St. 20, Texton-El Puso 24
Som Houston St. 20, Angelo St. 0
Southern Col 20, Oktobern 31

FAR WEST Air Force 42 Wyoming 28 Artsona St. 19, Louisville 0 Artsond St. 19, Looisville v Boise St. 17, Pochic U. 7 E. Washington 45, Sonoma St. Fresso St. 52, Colorodo St. 21 Idoho St. Weber St. 24 Montonar St. 42, Meso, Colo. 0 Nevodo 31, McNeee St. 21 Pochica St. Tauret Trab. 13 Nevoto 31, Monteses St. 21 Oregon 14, Texas Tech 13 Oregon 51, 14, Artzong 14 Son Jose St. 30, SW Louisland 13 Southern Meth. 28, New Mexico 13 Stanford 35, Northwestern 24

ATP PASSING SHOT TOURNAMENT

Gilbert, France, 64, 63; Serai Bruguera (4), Spain, def. Centric Ploline, France, 62, 64, Final dev det. Brugueru 63, 1-4, 6-2.

SOCCER

ENGLISH PREMIER LEAGUE Aston Villa 4, Liverpool 2 Everion 6, Crystal Polace 2 Norwich 1, Sheffield Wednesday 6 Oldham 4, Ipswich 2 Queens Pork Romers 3, Mide Sheffleid United L Arsendi | Southamping) | Leafe | Totterhorn), Leeds 1
Totterhorn I, Manchester Unit
Wimbledon), Blackburn)
Manchester City & Cheisea 1 er United 1

Steudings: Norvich 22, Blackburn 18, Coventry 18, Manchester United 17, Queens Park Rompers 16, Middlesbrough 14, Aston Villa 13, Chelsen 21, Ipsylch 12, Everton 12, Manchester City 11, Oldison 11, Leeds 11, Arsenal 11, Tottenham 10, Shelfield Wednesday 7, Liver-pool 9, Crystal Poloce 8, Shelfield United 8, Forest 1 FRENCH FIRST DIVISION

Monipetiler 9, Paris St. Germain 9 Nantes 3, Lens2 Marsettle), Le Havre) Bordeoux 1, Monoco 6 Coen 4. Toulouse 1 Volenciennes 8, Lyon 0

Skradines: Paris St. Germain 12, Nantes 12, Marsellie II, Auserre 18, Bordeoux 9, Metz 8, Montpellier 8, Monaco 6, St. Ellerne 8, Stras-bourg 8, Lille 7, Sochaux 7, Coen 6, Le Havre 6, Toulor 5, Lyon 4, Lens 3, Volenciennes 3, Nimes 3, Toulouse 2 GERMAN FIRST DIVISION

Vfl. Bochum 2. Boyer Leverkusen 2 Dynamo Dresden 1, Borussio Moenchen. 6 Eintrocht Frankfurt 1, FC Saarbruccken 1 FC Kolserslautern 3, Werder Bremen) Bovern Munich 1, SG Wattenscheld 1 FC Cologne 8, Borusski Dortmuse Bayer Verdinger 2, V/B Stuttgart Scholke 6, FC Nusremberg 6

Stanting & P.C. Notambers, Stantings, Bayer Lever-tusen 10. Einfrocht Frankfurt 9, Barussia Derimund 9, VIB Stuttpart 9, Dynamo Dres-den 8, Kotserstautern 7, Kartsruthe SC 7, Werder Bremen 7, PC Soarbruccken 7, PC Nusramberg 7, VIL Bochum 4, Schalika 6, Wart-feuscheid 6, Bayer Uerdingen 5, Barussia Moench. 5, Homburg SV 4, PC Cotogne L

Brescie 1, Pescara 0 Cogficel 1, Lezie 1 Florentino 7, Ancora 1

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Streidines: AC Allon & Torine 5. Son 5. Florentino 4, Juventus 4, Internacio Brascia 4, Noceli 3 Roma 3, Genco 3, I Pescora 2, Cosilori 2, Parma 2, Udi Atalonto 2, Fosgia 6, Ancona 6, SPANISH FIRST DIVISION

SPARISH FIRST DIVISION
Atterico de Modrid 1, Borcalono 4
Volencia I, Sevilla 1
Logranes 6, Catte 1
Espanol 1, Cadiz 2
Zoragezza 1, Oviedo 8
Atheric de Bilboo 4, Royo Vollecano 2
Deportivo 2, Osasono 1
Albocete 1, Read Sociedad 2
Sportina de Gilon 0, Real Modrid 8
Burgoo 8, Tenerite 2
Leadine Steadines: Deportivo 6, Borcalond 5, Zoragezo 5, Atheric de Bilboo 4, Atletico de Modrid 4, Sporting de Gilon 4, Atletico de Modrid 4, Sporting de Gilon 6,

Modrid 4 Sporting de Gilon 4. 1974 WORLD CUP QUALIFYING Octobia, Gresso One Sunday, in Sydney Austroda 2, Tobiti B Oceania, Group Two Salarday, in Sava

TRANSACTIONS

BASEBALL American League CLEVELAND—Signed a working oprae-

Fiorida, in 1973. OETROIT—Signed Ernie Harwell, radid Or NOT I - Saned Ernie Harwell, radie broadcaster, to one-year Contract.

NEW YORK—Activated Mike Gallega, inflicter, front 15-day desolved list. Recoiled J., T. Snow, Hensley Meulerian and Dave Silvestrij. Infleiders, and Jeff Johnson, pitcher, from Collegation.

umencers, and Jett Johnson, pitcher, from Co-lumbus, international League.

National League.

CHICAGO—Named Al Goldis vice president of scouting and player development.

SAN FRANCISCO—Nomed Tany Siegle astistant general manager, Exercised their option on Robby Thompson, second bosemon for 1973 season.

DENNIS THE MENACE



JUMBLE THAT SCHARLED Words and Bob MIDUH **6** . BOINS NIPPOL DECLUD

Prest answer here: AND AND Jambas CRISE CYCLE PURPLE SMONEP They have made 4 to the 100 of the mountain because they were those SLOPE PORCS

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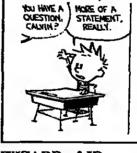




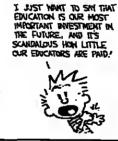








CALVIN AND HOBBES









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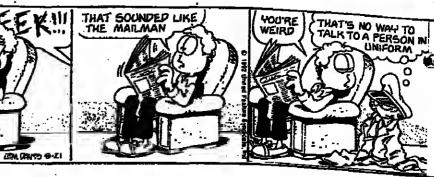






REX MORGAN





SPORTS FOOTBALL

Beyond Football Field, Athletes' Commitment

By William C. Rhoden New York Times Servi

N EW YORK — In a matter of weeks after the opening of school, the University of North Carolina has reached a critical juncture in what has become a tense, emotion-filled battle over the construction of a separate black cultural center on campus.

There was a rally at the Dean Smith Center on Friday, where the film director Spike Lee spoke on behalf of the building project, which has become the object of a bitter tug-of-war between Chancellor Paul Hardin sproups. Lee said he decided to become involved after learning that

come involved after learning that members of the North Carolina football team, with support from

Vantage **Point** other UNC athletes, were in the forefront of the push for the center.

The fontball players led a march of about 800 students to the chancellor's office on Thursday to set a November deadline for his public endorsement of the building, which would be named in honor of Sonja Haynes Stone, a popular African and Afro-American studies professor at North Carolina who died last August. Lee said Stone was a consin. "I'm not getting involved just because Sonja was my consin," Lee said.

"I'm a big sports fan and I always longed for the day when black athletes would move to do something. Schools are making millions of dollars from TV contracts on basketball and fontball programs, and most of that money is being generated by great black athletes. Maybe they're finally making the and scaling how much no was then how " waking up and realizing how much power they have."

No doubt the events at North Carolina will be watched by presidents and athletic directors of large Division I schools with teams composed

predominantly of black athletes. It is unusual for athletes to take an active role in anything that might

threaten a scholarship.

During a panel discussion in New York last week, Greg Anthony, a New York Knicks guard, said athletes were essentially well-compensated slaves bought and sold on an owner's whim.

One can certainly take issue with a comparison that equates millionaire athletes with slaves. But the larger point is that a certain slave mentality does prevent these millionaire athletes from seeing themselves as poten-

tially powerful political entities.

The athletes' political awareness fails to keep up with their accelerated income. Little wonder, when college coaches like Jackie Sherrill are charged with teaching them perspective.

A couple of weeks ago. Sherrill, beginning his second season at Mississippi State University, arranged for his team to watch the castration of a buil during practice. Sherrill thought the demonstration would be educational and would provide inspiration for the team's game against Texas. Donald Zacharias, oresident of Mississippi State, issued a luke-

warm admonition and then sent Sherrill back outside to play.

At North Carolina, the players politicized themselves, then effectively warned their coach, Mack Brown, not to interfere with their lives outside football. What has impressed even those who oppose a separate center is how effectively a group of athletes organized to address the issue. The battle had been going on for nearly 13 years at North Carolina and

The battle had been going on for hearty 15 years at take. But it was not intensified in August 1991, when Stone suffered a stroke. But it was not until June, when four football players - Jimmy Hitchcock, Malcolm Marshall. Tim Smith and John Bradley — became involved, that the movement accelerated and attracted a broad, multiracial base of support. Two major questions remain: Will the North Carolina protests become the impetus for greater activism among black student athletes around the country? And, more immediately, how much will the athletes be willing to

sacrifice to achieve their goal? Hardin has said in private meetings that conservative forces on the board of trustees and within the state will not approve a separate black cultural center, even if outside money is raised for it.

"A lot of guys on the team were reluctant to get involved at first until we explained how important it was and how it went beyond playing football," Smith said. "It's not about just having a building, it's about power and building a monument to Dr. Stone and to all the black people who used to own the land this university was built on.

SIDELINES

Kentucky Derby and at Royal Ascot.

Breeders' Cup, at the end of October.

For the Record

Mitsubishi Wins 15th Stage of Rally

SHANSHAN, China (AFP) — Mitsubishi took the first three places Sunday in the 15th and most scenic stage of the Paris-Beijing Rally. On the 395-kilometer (245-mile) section from Korla to the desert town of Shanshan, Erwin Weber of Germany was the fastest; Bruno Saby of France was second, and Kenjiro Shinozuka of Japan, third. In the overall standings, Shinozuka is second, 38 minutes behind the leader, Pierre Lartigue, in a Citroën. Weber is third; he closed the gap on Shinozuka by six minutes to about 47 minutes. Saby is fourth

Shinozuka by six minutes to about 47 minutes. Saby is fourth.

The stage took the field through breathtaking terrain, including a valley 100 meters (330 feet) below sea level where the temperature soared to 40 degrees centigrade (104 degrees Fahrenheit).

Another Disappointment for Arazi

PARIS (Reuters) — Arazi flopped again on Sunday, but may still bid for next month's Breeders' Cup in Florida.

The colt finished only third in the Prix du Prince d'Orange, beaten six lengths and a head by Arcangues and Prince Polino in a five-runner race over 10 furlongs. It was Arazi's third defeat in a row, after reverses in the Kentneky Derby and at Royal Ascot

Arazi was rated one of the best 2-year-olds for years in 1991, when he won the Breeders' Cup Juvenile, but little has gone right this year. Trainer François Boutin said, however, that he had not ruled out an entry in the

Napoli Declines to Meet on Maradona

NAPLES, Italy (AFP) — Napoli has declined to attend a meeting Monday with FC Seville aimed at resolving the transfer wrangle over Diego Maradona, the Italian soccer club announced on Sunday.

No reason was given, but sources said it may be because the Spanish club's offer of \$4.5 million for the Argentine star falls way short of Napoli's price of \$9 million. The Monday meeting at the Zurich head-

quarters of FIFA, soccer's governing body, was seen as a last chance to allow Maradona to resume his playing career this season.

The 31-year-old completed a 15-month suspension for cocaine use in the summer, but refused to fulfill the last year of his contract with Napoli.

American League batting leader with a .343 average, underwent surgery to remove bone spurs from his right shoulder and will miss the rest of the

Slovan Bratislava and Ferenevaros, the two soccer clubs involved in a dispute over allegations of Czechoslovak police brutality to Hungarian fans during a Champions' Cup match on Wednesday in Bratislava, were fined

on Sunday by UEFA, the sport's governing body in Europe. (Reuters)

"We're committed to this.

First Bout

In China Is

Called Off

NEW YORK - The first

professional championship boxing match to be held in

China has been called off by

the promoter, Bob Arum,

amid reports that the fight's

promotion was linked to a fi-

Arum, who said an injury to

one of the fighters forced the

cancellation, said he would an-

nounce a replacement card

next week for the Oct. 16 bout

Arum denied that the can-

cellation bad anything to do

with reports that a Chinese

company was claiming it had been swindled out of millions

of dollars in a joint venture

with the government and

"That's not true, it's outra-geous," Arum said on Friday. Referring to the International

Boxing Federation super-mid-

dleweight champion. Iran Barkley, who was to detend his

title against another Ameri-can, Doug DeWitt, he ad-ded. The kid made every ef-

"Barkley is injured with se-

now and bas been told he can't

par for six weeks and it may equire surgery," Arum said by telephone from Las Vegas.

A Chinese company, Beijing

inghua Industries Group,

aid \$3.1 million in its deal

with the government and is deiming that it has been

neated out of the money, the

ewspaper USA Today re-

fort to make this fight"

Arum to stage the fight.

nancial scandal.



Lyure Stadty/The Associated Press
Fullback Stephen McGuire flying through the air for an 8-yard gain for Miami against Florida A&M.

Eagles Rout Broncos As 49ers Trounce Jets

Randall Cunningham threw three touchdown passes Sunday in Philadelphia and the Eagles held the Denver Broncos to 82 total

victory. Philadelphia improved to 3-0 for the first time since 1981. Denver

Calvin Williams caught scoring passes of 24 and 49 yards from Cunningham, and Fred Barnett added a 34-yard touchdown recep-tion for Philadelphia. Roger Ruzek kicked field goals of 51, 27, and 35

Cunningham completed 18 of 25 passes for 258 yards. Denver's John Elway completed only 8 of 18 for 59 yards with one interception and was sacked three times. Denver failed to convert any of its 11 third-

49 yards in third quarter and 33 in the fourth.

Taylor broke his left leg in the first period and will be sidelined at least

the fourth.
49ers 31, Jets 14: The San Francisco 49ers won for the second time in three weeks at Giants Stadium in East Rutherford, New Jersey, with a victory over the New York Jets. In the season-opener, the 49ers beat the Giants, 34-14.

Steve Young threw for two touchdowns and ran for another in

NFL ROUNDUP

the first half when San Francisco built a 24-0 lead. The 49ers looked every bit like a National Football League power, while the bumbling Jets continued their horrid play after an undefeated preseason.

Coach Bruce Coslet's prediction

during the week that his Jets would win this game looked like folly aldown tries.

The Broncos' only scoring opportunities came when Jeff Treadwell missed field goal attempts of most from the outset. The Niners seemed more at home in New York's home opener, although the victory was costly—receiver John

Saints 10, Falcous 7: In Atlanta, Morten Andersen kicked a 47-yard field goal with 1:51 left to play to give New Orleans the victory.

The Saints (2-1) had tied the score at 7-7 with 11:06 left in the third quarter of the defensive duel on a 12-yard touchdown pass from Bobby Hebert to wide receiver

The 49ers (2-1) put the NFL's

most productive artack to work im-

mediately. Young found Jerry Rice

for 23 yards and Taylor for 19 on

the play when he suffered his injury. After getting to the 5, Young avoided a rush and hit a wide-open

Rice in the back of the end zone for

eight weeks.

3 7-0 lead.

Quinn Early. New Orleans began its winning drive from its own 27 with 5:29 left to play. The Saints had a first down seemed more at home in New to play. The Saints had a first down York's home opener, although the at the Falcons 31, but netted only three yards on the next three plays because of an offensive pass interference penalty and had it fourth-and-seven at the Atlanta 29 when

Andersen came on to kick the field Oilers 23, Chiefs 20: In Houston, Al Del Greco kieked a 39-yard field goal with 13:05 left in overtime, enabling the oilers to avert an upset

by Kansas City. The Oilers (2-1) flirted with disaster the entire game, but railied to take a 20-13 lead late in the game. They won in overtime after Kansas City (2-1) tied the game in regulation, won the toss and the Chiefs' receiver J.J. Birden caught a third-down pass and then fumbled.

Cornerback Cris Disbman caused the fumble, and defensive tackle Doug Smith recovered for the Oilers at the Kansas City 23. After a 2-yard gain by Lorenzo White, Del Greco kicked his third field goal of the game, Quarterback Warren Moon, who

les Ric Ho ar dej n ti ian

star star star size arte You

threw two interceptions, put the Oilers ahead, 20-13, with a 21-yard touchdown pass to Ernest Givins

with 3:15 to play in regulation.

But the Chiefs came right back, tying the score with 23 seconds left. in regulation on a 4-yard draw play for a touchdown by Todd McNair.

Scahawks 10, Patriots 6: In Foxboro, Massachusetts, Seattle won the struggle of toothless offenses. scoring on the game's first series and sacking New England's Hugh Millen six times. The Seahawks finally sealed the

cepted Millen's pass in the end zone with 35 seconds left. The Pa-triots had moved from their 20yard line to the Seattle 25 on four straight completions. Chris Warren, who ran for a ca-

reer-high 122 yards, scored on a 2-yard run 5:42 into the game. John Kasay's extra point gave the Sea-hawks (1-2) all they needed. Vikings 26, Buccaneers 20: In

Minneapolis, Sean Salisbury, playing his first NFL game in five years, replaced the injured Rich Gannon and led the Vikings to a 26-20 victory. It was Tampa Bay's first loss under Sam Wyche. Cris Carter caught two touch-

down passes, one each from Gannon and Salisbury, as Dennis Green won his home coaching debut with the Vikings (2-1).

The Buccaneers (2-1) had won their first two games at home under Wyche, who was hired to revive an organization that bas suffered through nine straight seasons of 10 losses or more.

Packers 24, Bengals 23: In Green Bay, Wisconsin, Brett Favre, forced into the game by a first-quarter injury to Don Majkowski, threw a 35-yard touchdown pass to Kiurick Taylor with 13 seconds left, giving the Process a viscon ware.

giving the Packers a victory over Cincinnati. With no timeouts, the Packers moved 92 yards in five plays during their game-winning drive that tool inst 54 seconds. Favre had a key 42yard completion to Sterling Sharpe in the drive, which capped Green

Bay's 21-point fourth quarter. Taylor's catch behind the Bengals defense and Chris Jacke's ensuing point-after gave Green Bay's Mike Holmgren his first NFL coaching victory and Cincinnati's rookie coach, Dave Shula, his first

defeat in three games. Green Bay (1-2) trailed, 17-3, after three quarters, but mokie Terrell Buckley, in his first NFL game, returned a punt 58 yards for one touchdown and Favre, a secondyear player, hit Sharpe for a 5-yard touchdown to cap an 88-yard drive.

Washington Beats Nebraska on Turnovers, 29-14

Lindros Debuts With Flyers

and language. But it was calculation that was

to keep him bome Sunday when

the Flyers played a return match

bec. Lindros is expected to get a

rude greeting from the fans on

his first trip there, so the Flyers'

management decided to post-pone that until the teams meet there in the regular season on

Lindros left open the possibili-ty that he would persuade team

"Yeah, I'd like to get up there," he said. "I do what I'm

told. The bus leaves at 7:30.

Maybe I'll be on it, maybe I

Most of the Spectrum scats

were filled for the game. Al-

though there were no banners

on the edges of the balconies.

many fans wore white and or-

ange Flyers jerseys with Lin-

dros's name and number, 88, on

He took a regular shift, killed penalties and worked the power

play. He took two minor penal-

ties in the first period, for knee-

ing and for roughing. He set up

the back.

Quebec on Sunday.

enagement to let him play in

est the Nordiques in Que-

No. 2 Washington and No. 12 Nebraska

continued streaking in opposite directions. The Huskies scored two touchdowns in 42 seconds just before halftime and capitalized on three turnovers to beat the Cornhuskers, 29-14, on Saturday night in Seattle.

The victory extended Washington's winning streak to 17 games and continued Nebraska's drought against top teams. The Comhuskers have lost 10 consecutive games to teams ranked in the Top Five and eight straight to Top 10 teams. Both streaks include Washington's 36-21 victory at Nebraska last year.

Napolean Kanfman scored on a 1-yard run with 1:29 left in the half to give Washington (3-0) a 16-7 lead in the first night game ever played at Husky Stadium, and the Huskies got the ball right back on an interception by Walter Bailey at the Nebraska 47. Three plays later, Billy Joe Hobert threw a 29-yard touchdown pass to Joe Kralik to give the Huskies a 23-7 lead and control of the game. Replays indicated that Kralik may have been out of bounds and may not have held on to the ball as he dove in the back of the end zone, but Nebraska didn't protest the call. Nebraska (2-1) made it 23-14 on a I-yard

touchdown run by quarterback Mike Grant

in the third quarter, but Travis Hanson kicked two field goals to put the game away

ami, Gino Torretta threw two touchdown for Notre Dame. The three touchdown passes passes to Lamar Thomas before he was sidelined with a shoulder injury. Torretta left the game in the second quarter with what was diagnosed as a left shoulder sprain.

No. 3 Florida State 34, No. 16 North Carolina State 13: In Raleigh, North Carolina, Charlie Ward threw for 275 yards and three

COLLEGE FOOTBALL

touchdowns to lead Florida State to its third straight Atlantic Coast Conference victory, No. 14 Tennessee 31, No. 4 Florida 14: The Gators, with one of the best college offenses, were shut down in Knoxville, Tennessee. Florida gained only 278 yards, punted nine times and took 12 penalties.

No. 5 Texas A&M 26, Missouri 13; In Columbia, Missouri, Greg Hill rushed for 104 yards and scored two touchdowns and helped A&M score 23 second-half points. No. 6 Michigan 35, Oklahoma State 3: In Ann Arbor, Michigan, Todd Collins, substi-ming for the injured Elvis Grbac, threw for

285 yards and two touchdowns for Michigan. Collins, a sophomore making his first start, completed a school-record 29 passes. No. 7 Notre Dame 52, Michigan State 31: In East Lansing, Michigan, Rick Mirer threw for three touchdowns and Lee Becton scored

By Joe Lapointe
New York Times Service
PHILADELPHIA — The Na-

tional Hockey League, which survived 75 seasons without him,

has presented its first Eric Lin-

dros Show in an exhibition

match between the team he re-

jected and the team he accepted

Lindros scored one goal and

set up Mark Recchi's game-win-ner in leading the Philadelphia Flyers to a 4-3 victory Samrday

over the Quebec Nordiques be-

fore more than 17,000 fans at the

It was an impressive debut for a high-salaried tecnager who is seen by many in the hockey busi-

ness as the rising star who will lead the struggling league into a new era of American television

exposure, international con-

sciousness and high-profile mar-

"Twe never seen as many peo-ple at an exhibition game," Lin-

dros said. "I hope they enjoyed themselves. I know I did."

dros began his career against Quebec, the team that originally

drafted him. He refused to play

for the Nordiques for reasons

It was a twist of fate that Lin-

after forcing a trade.

brought Mirer into a tie with Joe Theismann's Notre Dame career record of 31. No. 21 Ohio State 35, No. 8 Syracuse 12:

In Syracuse, New York, the Buckeyes scored touchdowns on three of their first four possessions, intercepted quarterback Marvin Graves four times and sacked him six times. No. 9 Alabama 38, Arkansas II: In Little Rock, Arkansas, Alabama scored on its first play from scrimmage and outgained Arkan-

sas, 214 to 8, in the first 16 minutes. No. 10 Penn State 52, Eastern Michigan 7: In University Park, Pennsylvania, John Sacca threw for 153 yards and two touchdowns and

Richie Anderson ran for two scores. No. 11 Colorado 21, Minnesota 20: In Minneapolis, Colorado, playing without starting quarterback Kordell Sterritt, got an im-

pressive performance from transstringer Koy Detmer. The Buffaloes trained, 17-0, in the third quarter before Detmer — the brother of the Heisman Trophy winner Ty Detmer — led the comeback. Southern Cal 20, No. 13 Oklahoma 10: In

Norman, Oklahoma, Stephon Pace returned a fumble 19 yards for a Southern Cal touchdown, then intercepted a pass to kill Oklahoma's last hope.

downs and Marvin Goodwin stopped a late drive with an interception for UCLA in Provo. Utah. No. 18 Stanford 35, Northwestern 24: In Stanford, California, Steve Stenstrom threw

for 297 yards and two touchdowns and Glyn Milburn rushed for 111 yards and two scores No. 19 Georgia 56, Cal State-Fullerton 9:

In Athens, Georgia, Garrison Hearst scored four touchdowns, including three in the sec-ond quarter for Georgia. Hearst highlighted Georgia's 28-point second quarter with touchdown runs of 5, 16 and 7 yards. No. 20 Virginia 55, No. 22 Georgia Tech 24: In Charlottesville Virginia, Terry Kirby

rushed for 135 yards and scored two touchdowns and Bobby Goodman threw three touchdown passes for Virginia, Jerrod Washington returned a kickoff 96 yards for a touchdown for the Cavaliers.

No. 24 Mississippi State 20, Memphis State 16: In Memphis, Tennessee, Michael Davis scored on a 6-yard run in the final nimites for Mississippi State.

Vanderbilt 31, No. 25 Mississippi 9: In Nashville, Tennessee, Vanderbilt safety Jeff Brothers collected 146 yards on an intercep-

tion, a blocked field goal return and a punt return to upset Mississippi. (AP IIPI)

No. 15 UCLA 17, Brigham Young 10:

franchise that has sagged badly

In the second period, Lindros showed the checking advan-tages that come with his size —

6 feet, 5 inches and 235 pounds

(1.95 meters, 107 kilograms). A

collision with Bill Lindsay left

The 19-year-old Lindros

joined the league and the Flyers

this fall after a year of controver-

sy. Selected by the Nordiques

first overall in the 1991 draft, he

refused to report and played for the Canadian Olympic team in

The Nordiques traded him in

June at the draft in Montreal,

but both the Flyers and the Rangers claimed they had a deal

with Quebec. The Nordiques sid-

ed with the Rangers, but an arbi-trator ruled in favor of Philadel-phia, which signed Lindros to a

He is earning an estimated

\$3.5 million per season, the largest salary in professional hockey.

order to force a trade.

multiyear contract.

the latter on the seat of his

in recent seasons.

Medvedev mates and drew gasps and cheers late in the first period for a rush that gave the customers hope for the future of a once successful

BORDEAUX --- Andrei Medvedev of Ukraine won his third tournament of the year on Sunday, beating Sergi Bruguera of Spain, 6-3, 1-6, 6-2, in the Bordeaux claycourt tournament.

oa and Stuttgart, events that were also played on clay. Ranked No. 33 in the world, he could jump to the mid 20's after his victory Sunday. In topping Bruguera, the No. 4 seed, Medvedev beat three seeded

first round. Medvedev took the first set, 6-3, then fell behind 0-3 on his way to

losing the second set. He gained the break in the third set at 3-1 then started to use drop

take the title.

of the match. On his way to the final, Kar-

Shuts Down Bruguera

Medvedev, 18, had won at Gen-

players on the way to the crown. He also climinated Bjorn Borg in the

shots to draw Bruguera in from the baseline. Medvedev broke Bruguera again in the final game to Bruguera was the only seed to

make it to the semifinals after the top three players lost on Friday. Top-seeded Ivan Lendl, secondseeded Carlos Costa and two-time defending champion Guy Forget all lost in the quarterfinals.

• In Cologne, Bernd Karbacher

of Germany on Sunday won his first ATP title, beating Marcos Ondruska of South Africa 7-6 (7-4), 6-4, in the final of the Cologne Open. Karbacher, ranked 82d in the world, rallied from a 5-2 deficit and two breaks down in the opening set. He trailed 4-2 in the second set before sweeping the last four games

bacher upset top seed Thomas Muster of Austria and No. 3 Javier

Valvano Vows to Win His Cancer 'Battle'

Unbeaten Chris Eubank of Britain drained the punching power from challenger Tony Thornton of the United States on Saturday in Glasgow and won a unanimous decision to retain his World Boxing Organization NEW YORK — Jim Valvano, who coached North Carolina State to a National Collegiate Athletic Asso-ciation basketball championship in 1983, has ended a long public silence about his cancer fight, vowing to "win this latest battle." super-middleweight title.

(AP)

The St. Losis Blues of the National Hockey League have signed the top draft pick, Igor Korolev, and negotiated his release from the Dynamo Edgar Martinez, third baseman with the Scattle Mariners and the

> accepting the Leadership in Sports award from the Coalition of Italo-American Associations. It was his first public appearance since June, when a was diagnosed as having cancer.

crowd of about 1,500 that prayer had enabled him to keep his spirits up.

Quoting Albert Schweitzer, Valvano said: "In everyone's life, sometimes your inner fire goes ont. It burst again into flames with an encounter with another human being. We should be thankful for people who can rekindle our human spirit." Valvano, 46, made his comments on Friday while

He added: "I'm going to win this latest battle. With the help of my family and friends, that spirit will be rekindled."

Valvano is undergoing chemotherapy for an organic form of cancer that spread through the bloodstream to In its Sunday editions, the Daily News of New York form of cancer that spread through the bloods reported that Valvano, choking back tears, told a his spine, bones and other parts of his body.

Get your point across in no time.



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Publishing: Waiting for the Aquatic Ape

ONDON - Yes, in a world of face-Less conglomerates and fading readers there are happy independent publishers. Ernest Hecht, who will celebrate the 40th birthday of his Souvenir Press next month while his confreres are slogging at the Frankfurt book fair, is a short and jovial man in a Harry Truman-style sportshirt, bought at Marks and Spencer, who immodestly headlines his catalogue "The Independent Publisher of Books that Sell Well" and whose writing paper bears a

MARY BLIME

Latin motto, composed for him by an Eton classics master, to the effect that Best-Sellers are the Best Revenge.

There are best-sellers and best-sellers. Most people have heard of such Souvenir authors as Arthur ("Airport") Hailey or even of the romantic novelist Madeleine Brent, who is in reality a man named Peter O'Donnell, but Rosemary Hawthorne, au-thor of the popular "Knickers" and the forthcoming "Bras," is hardly a household name. Mrs. Hawthorne, the wife of a vicar whose parishioners include Prince Charles, will next get into the gamier areas of her field with works on stockings, garters and garter belts.

"It's the only way to sell the rights to America." Hecht explains.

Hecht prides himself on successfully selling foreign rights. "We have 700 books in print — we have published 2,600 — and the average number of translation rights we sell is four to six. That's better than most," Hecht says. He gets around in six languages and as an ardent soccer fan spends a lot of time abroad. He missed the Frankfurt fair in 1966 because he wanted to allend a match and, noticing it made no difference to his business, bas never been

In the dwindling ranks of British inde-pendent publishers, Hecht does not have the historical and literary links of John Murray, publisher of Lord Byron, or the visual taste of Carcanet in Manchester or the minute scale of Quince Tree Press in Yorkshire whose books never exceed 16 pages and fit into an ordinary square white envelope. The window of Souvenir's headquarters, opposite the British Museum, is as random and dusty as a second-hand

bookstore:

"Irish Short Stories," "Kafka's Milena,"
"Dog Help Us," "For Dog's Sake," "Why
Does My Dog," "The Stonehenge Solution," "Omens from Your Dreams," "Sue
Boettcher's Black Cat ABC," "Trooping
the Colour," "Antiques: Professional Secrets for the Amateur," and "General Reflections: a Military Man at Large" are flections: a Military Man at Large," are some of the titles in the window, along with a selection of psycho babble and an impressive selection of books on living with physical and psychological disabil-

"We have the largest list of books on disabilities in Europe," Hecht says. His list, ranging from jazz to euthanasia to "The Golf Swing of the Future," is downright odd though the word Hecht prefers is eclectic. "We are all over the



Ernest Hecht, who celebrates the 40th birthday of Souvenir Press next month.

place and we do everything from very pop to high type books." He is at present trying to relaunch the works of Knnt Hamsun the nearly forgotten Norwegian novelist and poet who won the Nobel Prize in 1920.

Perhaps in parody of the very literary publisher, which be is not, Hecht's office, with its ogival entrance (it was once a church), is in what can only be called early ragpicker style, with every surface, includ-ing the floor, covered in clippings, letters, football souvenirs, theater programs, wine bottles and, possibly, unsolicited manu-

scripts.
"I find things by the dust, like arboreal dating," Hecht says, It is a setting that calls more for a dumpster than a char and Hecht is immensely proud of it, claiming he can find anything in seconds. There is no truth to the rumor that he really works out of a tidy computerized office and keeps the front room just for show.

Bemused by the office and Hecht's unorthodox personality, an interviewer from The Guardian once observed: "It's like getting away from publishing to talk to the publisher Ernest Hecht." The turnover Souvenir Press claims is, bowever, a very respectable £1.5 million a year. Hecht has a small staff with only one editor and no marketing department at all.

No matter how it is disguised, market-

ing can only tell you what has sold well before," be says. "If it was as easy as looking at what's sold before, there would be no point in editors at all." Hecht informs his salesmen which books will sell. "If they ask why, I say because we say it will." Two salesmen who expressed doubts about "Knickers" were arply reminded of their error at the next

Born in Czechoslovakia, Hecht was brought as a boy to London where his father set up in the garment trade. The Central European influence on British publishing has been enormous — Hecht likes to recall his fit of giggles at a publisher's meeting in Vienna where he saw men with names like Deutsch, Weidenfeld and Krazna-Krausz wearing badges identifying them as Grossbritannien — and one reason for their success, Hecht says, is that many of the Central Europeans were also

impresarios and brought a certain theatri-cal flair into the genteel English publishing

Hecht sees himself as scion of the roguish Central European tradition - sharp on cutting deals and winning publicity, quick to jump on to a trend. Right now he is very high on the aquatic ape theory advanced some time ago by one of his authors, Elaine Morgan, He got the ape onto the front pages by sponsoring a lecture on the theory during the congress of the British Association for the advancement of science, which always gets nationwide attention

The theory, which maintains that bumans are descended from comparatively recent ancestors who lived in the sea, will in the next 10 years dominate evolution, Hecht maintains. "In the long run it is more important than the Duchess of York's toes," he added in a peevish reference to a recent story that got more space than the ape.

A graduate of Hull University, where he took degrees in economics and commerce and managed the soccer team, he entered publishing in 1952, taking the press's name from the souvenir theater programs he used to sell. He is still an entertainment buff, producing shows and such singers as Barbara Cook. He had Andrew Loyd Webber under contract, rather premature-

ly, when the composer was only 18. Hecht's first book, published out of his parent's house, was a cricketing biogra-phy, his second a football biography. "My first best-seller was after that, The Password is Courage,' about a British soldier who got into Auschwitz, not out of, and was subsequently a witness against I. G. Farben." Next he published a cookbook by the daughter of Mario of the Caprice, then the fanciest restaurant in London, which enabled him to entertain contracts graciously and gratis.

"I would blithely say would you like a cigar? Brandy? That was a great help because I cut short all the problems of meet-

cause I cut short all the problems of meeting the top buyers."

Hecht says he was the first publisher to go after the provincial press, realizing that his books would not get reviews in the London dailies. He also claims to have been the first to publish books on rock 'n' roll in 1959 and in the 1960s he began with the publishing such Latin American authors. publishing such Latin American authors as Borges, Neruda, Cortazar and Amado. He initiated "The Peter Principle" after seeing a newspaper article by Lawrence J. Peter, and published a passel of what he

calls psychological gurus.

In a highly mixed list, a hefty proportion is devoted to books on cats and dogs. "My editor loves cats and I have some instinct to find the good titles," he says. He doesn't much care for animals himself. "We've actually had six best-sellers in cats. we're probably the most successful cat book publishers in Europe.

"We've just got a cat book from a lady who lives in Provence," Hecht added. From Peter Mayle to Peter Meow? "Actually, we're trying to cut the word Provence out of the title. We think it's peaked."

LANGUAGE

Political Attack Locutions Are In

By William Safire New York Times Service

NEW YORK — America is back up on wedgies.
Remember those triangulated, high-soled shoes of the 1940s that incorporated the heel and turned the fashionable woman into an endangered species? They're back - not merely in the form of platform

soles, but planks in political platforms. In 1990, as Bush White House aides fought over the degree to which affirmative action guidelines became quotas, the former Carter adviser Stuart E. Eizenstat said with some prescience that the Republicans had "a need to give the Reagan Democrats red meat at a time when the economy is going into the tank, and they see civil rights and quotas as a wedge issue."

Recalling this early usage and perhaps coinage, Eizenstat tells me: "I was looking for a phrase to illustrate the attempt to split the coalition of working-class whites and blacks, the two constituencies Roosevelt unified on economic grounds. The image came to mind of a wedge being driven."

It filled a political-linguistic need for fresh labels.

Another Democrat, the Clinton strategist James Car-ville, charged two years later that President George Bush's advisers, bereft of an agenda, had to "dust off the Republican manual, which is to go to wedge issues: We can't lead the country so maybe we can divide it."

As a phrase, wedge issue is related to the 80s hor-

button issue, which was an updating of the 70s polarization. Wedge, with earthy Indo-European roots as both verb and noun, strikes me as an improvement over the Latinate polarize and polarization.

Wedge issue is a political attack locution, usually used by liberals and moderates, aimed at politicians

on the right who bring up sensitive cultural and social subjects during political campaigns. The dividing wedge, however, need not be racial: free trade is seen by the right as a wedge issue to use to divide workers

and environmentalists on the left.

Here is a synonymy of the issues issue: a switcher issue — like gun control or abortion — is a single subject that will cause a minority of voters to change their vote regardless of other patterns, urges or habits (resulting in a buller vote).

A hot-button issue — like perks for big shots or global warming — will cause a potential voter to become agitated, but not necessarily to the point of switching allegiance; touching this button causes audiences to roar or hoot, and is synonymous with red meat, the figure of speech drawn from the excited reaction of carnivorous animals when food is thrown

A gut issue has a wider visceral appeal: the intestinal matter on this year's agenda is the slow growth of the economy, expressed in the single word "jobs." This bread-and-butter issue can also be the burning issue if it

Spoleto Festival Ends Year With a \$535,000 Deficit

CHARLESTON, South Carolina — The Spoleto Festival U.S.A. ended its 1992 season with a deficit of jected \$800,000 shortfall.

The board chairman Homer Burrous said the 1992 season was a challenging year.

"We have been battling a recessionary climate that has significantly hampered financial support for all of the arts. And we didn't have an executive director until February," he said.

Burrous said foundation and government support for the festival lagged behind earlier years. Ticket sales brought in about \$1.5 million, about \$113,000 short of

is dramatized, but if the opposition fails to ignite it. the subject is better described as the paramount issue.

As an issue fades, it becomes characterized as a Tell a Jamb. H

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By Thomas L UNITED NATIONS. dent George Busin told 1 bers Monday (n.); Wash subout a fuel, a cobra Nations peacei, errors, in the American multitary to But Mr. Bush and no round troops for the 12 ng operations now under Healso did not offer an

garing factions bull

Paisley Boy

DUBLIN (AP)

ledand parties involve over the republic's con Foreign Affairs Min pig that Reserved Par had not assess

I miss Ross Perot. Not only did he apply the traffic term gridlock to divided-party government, but also the jug-cared, thin-skinned executive generated the most densive sobriquet of the current campaign, as his betrayed supporters called him "the yellow Ross of

In Forbes magazine's 75th anniversary issue, Peggy Noonan, the former Reagan-Bush speechwriter who has developed the art of impressionism in political rose, summarized the voters' view of the horseless head man in a poetic trope: "They looked at him and saw a hand grenade with a bad haircut."

"It's partly a convention bounce," Bill Clinton said

after his poll ratings shot up in July.

As August ended and the Republicans had con-

vened in Houston, the Bush-Quayle ratings improved somewhat and The Christian Science Monitor wrote, "It represents a routine convention bounce." Newsweek, in its Conventional Wisdom Watch, asked, "Why does the CW worry about the 'convention bounce' if the CW also says the bounce dissipates within two weeks?"

The much-discussed convention bounce is a temporary rise in the opinion polls caused by the television rary rise in the opinital potentiary during a party's na-exposure and print commentary during a party's na-tional convention. As The Associated Press reported in 1988, "The convention bounce usually settles down

as voters focus on the issues of the race. Bounce has triumphed over the variant bump. Who coined the phrase? In 1980, the Carter presidential spokesman, Jody Poweil, used the term to mean a psychological lift: he said that the increase in President Jimmy Carter's rating was "the post-convention bounce we hoped for." In a dozen years, the postprefix has worn off.

Phrase junkies are always on the lookout for politi-

cal axioms, adages and proverbs. Bert Lance's "If it ain't broke, don't fix it" has become a source of inspiration to anti-activists. Dwight Morrow's "Any party which takes credit for the rain must not be surprised if its opponents blame it for the drough?" is being rucfully repeated by supporters of George Bush. Economists eager to fine-time the economy turn to the wisdom attributed to the gangster Al Capone: "You can get a lot more done with a kind word and a gun, than with a kind word alone."

A subcategory in this field is "forgiveness, politi-cal," headed by the quotation attributed to the Kenne-dy brothers: "Forgive but don't forget." An addition to this store of sophisticated sagacity has been provided by the newscaster Jim Lehrer, in his new, breezily profound memoir, "A Bus of My Own" (Putnam). He notes in passing that some former associates tried to do him in, and then forgives them, but not completely: 'As a prominent Oklahoma politician says a lot," Lehrer writes, "Show me somebody who can't tell his \$535,831 in its \$4.3 million budget, officials an friends from his enemies and I'll show you somebody nounced. The deficit was smaller than an earlier pro-who's going to end up with no friends."

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